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No. 10-301

Supreme Court of the United States

ANASCAPE, LTD.,

Petitioner,

v.

NINTENDO OF AMERICA, INC.,

Respondent.

On Petition For Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

PETITION FOR WRIT OF CERTIORARI

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QUESTION PRESENTED

Whether, in reviewing the factual sufficiency of the evidence supporting a jury verdict under Federal Rule of Civil Procedure 50, an appellate court may weigh expert testimony submitted to the jury, and discredit that expert testimony, when its admissibility was never challenged under Federal Rule of Evidence 702. In the Second, Fourth, Ninth, Tenth, and Eleventh Circuits, the answer to this question is "no." In the Federal and Fifth Circuits, the answer is "yes."

PARTIES TO THE PROCEEDING

The petitioner in this Court is Anascape, Ltd. ("Anascape"). The respondent is Nintendo of America, Inc. ("Nintendo").

CORPORATE DISCLOSURE STATEMENT

Anascape has no parent corporation, and no publicly owned company owns 10% or more of its stock.

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Petitioner Anascape respectfully requests a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit in this case.

OPINIONS BELOW

The court of appeals' opinion is reported at 601 F.3d 1333 (Fed. Cir. 2010), and is reproduced in the Appendix at App. 1. The district court's ruling on Nintendo's renewed motion for judgment as a matter of law is reproduced in the Appendix at App. 24. The district court's ruling on Nintendo's *Daubert* motion is reproduced in the Appendix at App. 38. The court of appeals' denial of Anascape's combined petition for rehearing and rehearing en banc is reproduced in the Appendix at App. 44.

JURISDICTION

The court of appeals reversed the judgment of the district court on April 13, 2010. Anascape filed a combined petition for rehearing and rehearing en banc on May 7, 2010, and the court of appeals denied that combined petition on June 1, 2010. This Court's jurisdiction is invoked under 28 U.S.C. § 1254(1).

APPLICABLE RULE PROVISIONS

Federal Rule of Civil Procedure 50 and Federal Rule of Evidence 702 are relevant to this petition. The relevant portions of these rules provide:

FED. R. CIV. P. 50 –

> (a) Judgment as a Matter of Law.
>
> (1) In General.
>
> If a party has been fully heard on an issue during a jury trial and the court finds that a reasonable jury would not have a legally sufficient evidentiary basis to find for the party on that issue, the court may:
>
> (A) resolve the issue against the party; and
>
> (B) grant a motion for judgment as a matter of law against the party on a claim or defense that, under the controlling law, can be maintained or defeated only with a favorable finding on that issue.
>
> (2) Motion.
>
> A motion for judgment as a matter of law may be made at any time before the case is submitted to the jury. The motion must specify the judgment sought and the law and facts that entitle the movant to the judgment.
>
> (b) Renewing the Motion After Trial; Alternative Motion for a New Trial.

If the court does not grant a motion for judgment as a matter of law made under Rule 50(a), the court is considered to have submitted the action to the jury subject to the court's later deciding the legal questions raised by the motion. No later than 28 days after the entry of judgment – or if the motion addresses a jury issue not decided by a verdict, no later than 28 days after the jury was discharged – the movant may file a renewed motion for judgment as a matter of law and may include an alternative or joint request for a new trial under Rule 59. In ruling on the renewed motion, the court may:

(1) allow judgment on the verdict, if the jury returned a verdict;

(2) order a new trial; or

(3) direct the entry of judgment as a matter of law.

FED. R. EVID. 702 –

Testimony by Experts

If scientific, technical, or other specialized knowledge will assist the trier of fact to understand the evidence or to determine a fact in issue, a witness qualified as an expert by knowledge, skill, experience, training, or education, may testify thereto in the form of an opinion or otherwise, if (1) the testimony is based upon sufficient facts or data, (2) the testimony is the product of reliable principles and methods, and (3) the witness has applied

the principles and methods reliably to the facts of the case.

STATEMENT OF THE CASE

On an appellate review of the sufficiency of the evidence, the Federal Circuit reversed a $21 million jury verdict and corresponding judgment finding that Anascape's U.S. Patent No. 6,906,700 (the "'700 patent") was valid and infringed by certain of Nintendo's video game controllers. The Federal Circuit's holding turned on its decision to weigh, and ultimately to discredit, the expert testimony of a Harvard professor – testimony submitted to the jury with no Rule 702 objection – on the dispositive factual question at issue. This treatment of record expert evidence on a sufficiency review accords with the approach taken in the Fifth Circuit, but conflicts sharply with the prevailing rule in the Second, Fourth, Ninth, Tenth, and Eleventh Circuits, as well as with this Court's holdings in *Reeves v. Sanderson Plumbing Products, Inc.*, 530 U.S. 133, 149-51 (2000), and *General Electric Co. v. Joiner*, 522 U.S. 136, 141-43 (1997).

* * *

In July of 2006, Anascape filed this patent-infringement suit against Microsoft and Nintendo in federal district court under 28 U.S.C. § 1338(a). Microsoft settled with Anascape prior to the jury trial, which commenced against Nintendo in May of

2008. App. 46. At trial, the parties hotly contested the "priority date" for the asserted claims of the '700 patent. That date acts as a critical demarcation line for prior art: art that comes before the priority date may invalidate the patent's claims; art that comes after the priority date generally may not.

Anascape argued that the priority date for the asserted claims was July 5, 1996 – the filing date of the application for Anascape's U.S. Patent No. 6,222,525 (the "'525 patent"), of which the '700 patent was a continuation. App. 48-49. The claims of such later-filed patents are entitled to the date of the earlier-filed parent application whenever "the disclosure of the application relied upon reasonably conveys to those skilled in the art that the inventor had possession of the claimed subject matter as of the filing date." *Ariad Pharms., Inc. v. Eli Lilly & Co.*, 598 F.3d 1336, 1351 (Fed. Cir. 2010) (en banc); *see also* 35 U.S.C. § 120. This inquiry into what the parent application reasonably conveys to those skilled in the art is a question of fact. *Ariad*, 598 F.3d at 1351.

Nintendo argued that the '700 patent could not claim priority to the parent application of the '525 patent because – according to Nintendo – one skilled in the art would conclude that the parent application supported only claims directed to controllers with a single input member movable in six degrees of freedom ("DOF"), and not those directed to controllers with multiple input members together movable in six DOF. App. 3-5, 25. Anascape sharply disputed

Nintendo's characterizations, but both parties agreed that, if the asserted claims of the '700 patent were not entitled to the filing date of the parent application, those claims would be invalid due to intervening game-controller art. App. 4.

The evidence Anascape submitted to the jury in support of its priority-date position included in particular the expert testimony of Dr. Robert Howe, an engineering professor at Harvard University. Testifying as one skilled in the art, Dr. Howe confirmed to the jury that, for purposes of a priority determination, those skilled in art would find that the disclosure in the parent application supported the full scope of the asserted claims of the '700 patent. App. 48-69. Dr. Howe buttressed his opinion by pointing to, among other things, language in the parent application describing "up to 6 DOF" and "non 6 DOF" input-member applications, as well as a disclosed trackball embodiment that, he testified, would be understood by persons of skill in the art as supporting claims in which multiple input members are together movable in six DOF. App. 57-62. Dr. Howe further explained that the testimony of one of Nintendo's own engineers, Mr. Kazunori Koshiishi, supported and reinforced his priority-date conclusion. App. 63-64.

This substantial testimony, along with Nintendo's cross-examination of Dr. Howe on the priority issue, consumed over twenty pages of the trial transcript. App. 48-69. At no point – either in the district court or subsequently on appeal – did Nintendo assert that

Dr. Howe's priority opinions were inadmissible under Rule 702 for any reason.[1]

Prior to the case's submission to the jury, Nintendo moved for judgment as a matter of law under Rule 50, arguing that there was no legally sufficient evidentiary basis for a reasonable jury to find a July 5, 1996 priority date for the asserted claims of the '700 patent. App. 73. The district court denied this motion, reasoning that, after "listening to the testimony of the witnesses and reviewing the application, the '525 patent itself, and the figures, comparing them with the claims, it . . . is going to come down to evaluation by the jury of the credibility of the respective experts and the other witnesses in their determination." App. 73-75. The jury then weighed the evidence, made its credibility determinations, and returned a $21 million verdict for Anascape.

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[1] Nintendo did move to strike Dr. Howe's *infringement* opinions as allegedly applying an improper methodology under Rule 702 and *Daubert v. Merrell Dow Pharmaceuticals, Inc.*, 509 U.S. 579 (1993). App. 38. The district court properly denied that motion. App. 42. Significantly, however, Nintendo never provided any Rule 702 or *Daubert* challenge to Dr. Howe's *priority* or *validity* opinions, either in the district court or on appeal. With respect to that testimony, Nintendo argued only at trial that Dr. Howe's opinions were beyond the scope of his expert report with respect to one asserted claim. App. 48. The district court properly overruled that objection as well, App. 48, and Nintendo did not contest that ruling on appeal. There has been no dispute on appeal as to the admissibility of Dr. Howe's priority testimony submitted to the jury.

In denying Nintendo's renewed Rule 50 motion following the verdict, the district court again found that Anascape had "presented testimony that supported the jury's finding, so long as the jury believed that testimony. Dr. Robert Howe provided extensive testimony about how, to one of skill in the art, the 1996 Application provided adequate written description support for the asserted claims." App. 29-30. The district court further noted that this "case presented the classic 'battle of the experts,' and the jury clearly chose to believe [Dr. Howe]." App. 30.

Nevertheless, conducting a de novo appellate review of the evidence on this issue, the Federal Circuit found no legally sufficient evidentiary basis for a reasonable jury to find that the '700 patent's asserted claims were entitled to the filing date of the parent application. App. 18-19. While acknowledging Dr. Howe's extensive testimony on this dispositive question of fact – and not ruling that testimony inadmissible – the panel found that testimony lacking in foundational support and inconsistent with its own reading of the '525 patent application. App. 14-15. The Federal Circuit panel thus concluded that, given its own view of what the parent application might reasonably convey to those of skill in the art, the jury was not free to credit Dr. Howe's expert testimony on that very question of fact. App. 14-18. With Dr. Howe's testimony discredited, the Federal Circuit held that insufficient evidence supported the verdict, and the district court's judgments of validity and

infringement, as well as its award of damages, were reversed. App. 18-19.

REASONS FOR GRANTING THE WRIT

A. The Court Should Grant the Writ to Resolve a Conflict Between the Circuits Regarding the Treatment of Expert Testimony on a Sufficiency-of-the-Evidence Review.

1. In the Second, Fourth, Ninth, Tenth, and Eleventh Circuits, expert testimony admitted without objection will be neither weighed nor discredited on a sufficiency review.

With respect to the treatment of expert testimony on appeal, the Second, Fourth, Ninth, Tenth, and Eleventh Circuits make an important distinction between an initial admissibility review under Evidence Rule 702 and a subsequent sufficiency-of-the-evidence review under Procedure Rule 50. *See In re Joint E. & S. Dist. Asbestos Litig.*, 52 F.3d 1124, 1126 (2d Cir. 1995); *United States v. Gaskin*, 364 F.3d 438, 460 n.8 (2d Cir. 2004); *C.B. Fleet Co. v. SmithKline Beecham Consumer Healthcare, L.P.*, 131 F.3d 430, 437 (4th Cir. 1997); *Marbled Murrelet v. Babbitt*, 83 F.3d 1060, 1066-67 (9th Cir. 1996); *Kinser v. Gehl Co.*, 184 F.3d 1259, 1269 (10th Cir. 1999); *Questar Pipeline Co. v. Grynberg*, 201 F.3d 1277, 1288-89 (10th Cir. 2000); *Christopher v. Cutter Labs.*, 53 F.3d 1184, 1191-92 (11th Cir. 1995).

In these circuits – following this Court's guidance – the appellate court first addresses Rule 702 admissibility issues under an abuse-of-discretion standard. *See Joiner*, 522 U.S. at 141-43. For example, expert testimony admitted over *Daubert* objections will be excluded upon a showing that the district court abused its discretion in finding the testimony admissible.[2] *See id.* The appellate court then reviews all remaining record evidence for Rule 50 legal sufficiency under a de novo standard. *See Reeves*, 530 U.S. at 149-51. Objected-to expert testimony found inadmissible by the appellate court is not considered in the sufficiency-of-the-evidence review. *See Weisgram v. Marley Co.*, 528 U.S. 440, 456-57 (2000). Unobjected-to expert testimony, on the other hand, is considered in such a review. Furthermore, that testimony is not weighed, and cannot be discredited, in determining whether it supports the jury verdict.[3] *See Reeves*, 530 U.S. at 149-51.

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[2] Rule 702 provides three principal grounds upon which expert testimony might be excluded as inadmissible: 1) it is based on insufficient facts; 2) it is the product of unreliable methods; or 3) the expert has failed to apply the methods reliably to the facts of the case. FED. R. EVID. 702. In this petition, "Rule 702" objections and reviews are treated as synonymous with "*Daubert*" objections and reviews.

[3] Unobjected-to expert testimony will be subject to exclusion on appeal only under a plain-error review. *See Macsenti v. Becker*, 237 F.3d 1223, 1231 (10th Cir. 2001); *Christopher*, 53 F.3d at 1192. Nintendo did not request such a review in its appeal to the Federal Circuit.

Each of the Second, Fourth, Ninth, Tenth, and Eleventh Circuits follows this approach, and each has confirmed that, unless excluded through a proper admissibility challenge, expert testimony submitted to the jury must be considered and credited in an appellate review of evidentiary sufficiency. *See* (*Second Circuit*) *Joint E. & S.*, 52 F.3d at 1134-35 (holding that once expert testimony was deemed admissible, analyzing the studies on which it was based "would have constituted an inappropriate weighing of credibilities" on a sufficiency review); *Gaskin*, 364 F.3d at 460 (holding that, in the absence of an admissibility objection, complaints that expert testimony lacks foundation cannot be considered on a sufficiency review); (*Fourth Circuit*) *C.B. Fleet*, 131 F.3d at 437 (holding that a *Daubert* admissibility analysis "cannot be done under the guise of a challenge to the substantive sufficiency of the evidence"); (*Ninth Circuit*) *Marbled Murrelet*, 83 F.3d at 1067 (holding that, in the absence of an admissibility objection, complaints regarding the reliability of expert testimony cannot be heard "in the guise of an insufficiency-of-the-evidence argument"); (*Tenth Circuit*) *Kinser*, 184 F.3d at 1269 (declining to revisit the admission of expert testimony on a sufficiency review, noting that "we must analyze the denial of a motion for judgment as a matter of law by looking at all the evidence admitted at trial, including evidence that should have been excluded"); *Questar*, 201 F.3d at 1288-89 (holding that, in the absence of an admissibility objection, courts may not consider whether expert testimony lacks foundation on a sufficiency review); (*Eleventh*

Circuit) *Christopher*, 53 F.3d at 1191-92 (holding that, in the absence of an admissibility objection, expert evidence that otherwise should have been excluded must be considered as supporting the jury's verdict on a sufficiency review).[4]

2. In the Fifth and Federal Circuits, on the other hand, expert testimony admitted without objection will be weighed, and may be discredited, on a sufficiency review.

In sharp contrast, the Fifth and Federal Circuits do not respect the clear distinction between reviews for admissibility and reviews for sufficiency made in the Second, Fourth, Ninth, Tenth, and Eleventh Circuits. In the Fifth and Federal Circuits, admissibility and sufficiency reviews can be conflated in the treatment of expert testimony, and unobjected-to expert testimony will be weighed, and sometimes discredited, in determining whether legally sufficient evidence supports a verdict. *See Thompson v. S. Pac. Transp. Co.*, 809 F.2d 1167, 1169 (5th Cir. 1987); *Guile v. United States*, 422 F.3d 221, 227 (5th Cir. 2005);

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[4] This does not mean, of course, that the mere presence of unobjected-to expert testimony will necessarily defeat a motion for judgment under Rule 50 in these circuits. It could be the case that, even considering the testimony in the record, legally insufficient evidence supports the jury's verdict. But in these circuits, expert testimony of record will at least be considered as evidence that the jury might have credited in reaching its verdict. *See Christopher*, 53 F.3d at 1191-92.

Wackman v. Rubsamen, 602 F.3d 391, 400 (5th Cir. 2010); *DyStar Textilfarben GmbH v. C.H. Patrick Co.*, 464 F.3d 1356, 1362 (Fed. Cir. 2006); *Pharmastem Therapeutics, Inc. v. Viacell, Inc.*, 491 F.3d 1342, 1361 (Fed. Cir. 2007); *ResQNet.com, Inc. v. Lansa, Inc.*, 594 F.3d 860, 869-73 (Fed. Cir. 2010); App. 14.

The Fifth Circuit, for example, has held that in the context of a sufficiency-of-the-evidence review, "[a]n expert's opinion must be supported to provide substantial evidence; we [therefore] look to the basis of the expert's opinion, and not the bare opinion alone." *Guile*, 422 F.3d at 227. In other words, in determining whether expert testimony supports a verdict, the Fifth Circuit requires an initial inquiry into whether the testimony itself has a sufficient foundation – a quintessential Rule 702 admissibility question. *See* FED. R. EVID. 702. But in the Fifth Circuit, this inquiry occurs whether or not there has been an admissibility objection. *See Guile*, 422 F.3d at 227 (holding, in the absence of an admissibility objection, that "contradictions coupled with [a] lack of support" took expert testimony "out of the realm of substantive evidence" on a sufficiency review); *Thompson*, 809 F.2d at 1169 (discrediting expert testimony on a sufficiency review where the expert had an "insufficient factual basis for his opinion"); *Wackman*, 602 F.3d at 400, 403 (reaffirming *Guile*,

but finding that the expert testimony had a sufficient foundation).[5]

The Federal Circuit takes the same approach to the treatment of expert testimony, and frequently weighs and discredits such testimony on a sufficiency review even in the absence of an admissibility objection. *See DyStar*, 464 F.3d at 1362 (discrediting, on a sufficiency review, expert testimony regarding the level of skill in the art in light of the patent-in-suit); *Pharmastem*, 491 F.3d at 1361 (discrediting, on a sufficiency review, expert testimony regarding prior art content in light of inventor testimony and the patent-in-suit); *ResQNet.com*, 594 F.3d at 868-73 (discrediting, on a sufficiency review, expert testimony regarding appropriate royalty rates in light of the testimony's foundational support); App. 14-15 (discrediting, on a sufficiency review, expert testimony

[5] *Cf. Michaels v. Avitech Inc.*, 202 F.3d 746, 753 (5th Cir. 2000) (noting, in the context of a Rule 56 sufficiency review, that while it is "perhaps remiss to attempt a *Daubert* inquiry at the appellate level when the district court did not perform one . . . it would be equally remiss for us to ignore the fact that a plaintiff's expert evidence lacks any rational probative value"); *SEC v. Snyder*, No. 07-20455, 2008 U.S. App. LEXIS 19835, at *21 n.1 (5th Cir. Sept. 16, 2008) (unpublished) (noting that unobjected to expert testimony still had to be examined under *Guile*, though "review of the expert testimony for sufficiency of the evidence is not as rigorous as it would be under a properly preserved challenge to the admissibility of the testimony under *Daubert*").

regarding a priority date in light of the testimony's foundational support).[6]

While the Federal Circuit ostensibly applies regional circuit law in its Rule 50 sufficiency-of-the-evidence analyses, *see Pharmastem*, 491 F.3d at 1360, in fact its treatment of expert testimony in this context is consistent with only the Fifth Circuit's approach. The *DyStar* case, for example, originated from a district court in the Fourth Circuit, but the Federal Circuit's decision to weigh and discredit the expert testimony in that case conflicts sharply with the sufficiency-review approach endorsed by the Fourth Circuit. *Compare DyStar*, 464 F.3d at 1362 *with C.B. Fleet*, 131 F.3d at 437. Both the Federal and Fifth Circuits, therefore, have in fact adopted an approach to the treatment of expert evidence that conflicts with the approach adopted by the Second, Fourth, Ninth, Tenth, and Eleventh Circuits.

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[6] *Cf. Invitrogen Corp. v. Clontech Labs., Inc.*, 429 F.3d 1052, 1080-81 (Fed. Cir. 2005) (discrediting, in the context of a Rule 56 sufficiency review, expert testimony regarding certain molecular biological activity in light of competing record evidence); *Egyptian Goddess, Inc. v. Swisa, Inc.*, 543 F.3d 665, 681-82 (Fed. Cir. 2008) (en banc) (discrediting, in the context of a Rule 56 sufficiency review, expert testimony regarding nail buffer designs in light of the expert's failure to address the number of sides associated with each design).

3. This conflict is entrenched, it leads to dramatically inconsistent results, and its resolution requires this Court's intervention.

This conflict between the circuits is longstanding and entrenched, as evidenced by the fact that the decisions reflecting these inconsistent approaches to expert testimony date back five, ten, even fifteen years – and continue to be issued today. *See, e.g.*, App. 14-15 (underlying opinion issued just months ago); *ResQNet.com*, 594 F.3d at 869-73 (Federal Circuit opinion issued in 2010); *Guile*, 422 F.3d at 227 (Fifth Circuit opinion issued in 2005); *Questar*, 201 F.3d at 1288-89 (Tenth Circuit opinion issued in 2000); *Christopher*, 53 F.3d at 1192 (Eleventh Circuit opinion issued in 1995).

This conflict also leads to radically inconsistent results, as evidenced by the Federal Circuit's holding in the present case. As the district court acknowledged, at trial Anascape offered "extensive [expert] testimony about how, to one of skill in the art, the 1996 Application provided written description support for the asserted claims." App. 29-30. Nintendo never objected to the admissibility of that testimony under Rule 702 or *Daubert* in the district court, and never challenged its admission on appeal. The Federal Circuit nevertheless weighed that expert testimony on a sufficiency-of-the-evidence review, and found that it lacked foundational support and conflicted with its own view of other record evidence. App. 14-18. As a result of that finding, the Federal Circuit

reversed a $21 million judgment based on the jury's verdict. App. 18-19.

Had this suit arisen in the Tenth Circuit, however – or had the Federal Circuit applied the Tenth Circuit's approach in this case – the panel would have concluded that, in the absence of "a timely objection to this evidence at trial," it was precluded from asking whether the expert's "testimony was . . . supported by a sufficient foundation." *See Questar*, 201 F.3d at 1289. And as a result of that conclusion, the panel would undoubtedly have been forced to agree with the district court: the "extensive testimony" submitted to the jury on the priority-date issue constituted legally sufficient evidence supporting the jury's verdict. App. 29-30. In the Tenth Circuit, therefore, the $21 million judgment would have been upheld.

This entrenched conflict, leading to such dramatically different results among the circuits, is ripe for this Court's intervention and resolution. SUP. CT. R. 10(a). The Court should grant certiorari to establish a harmonious and unified approach to the treatment of expert evidence on a sufficiency-of-the-evidence review.

B. The Court Should Grant the Writ Because the Issue Is Important, and the Approach of the Federal and Fifth Circuits Demands Correction.

While the conflict among the circuits alone is sufficient to justify the Court's intervention, at least

four additional reasons support granting the writ and reversing the Federal Circuit's judgment in this case. First, the approach of the Federal and Fifth Circuits conflicts with this Court's holdings in *Reeves* and *Joiner*. Second, the approach in these circuits permits an unfair ambush on appeal. Third, the approach undercuts the evidentiary value of expert testimony. Fourth and finally, considering the dispositive question of fact at issue, the approach of the Federal Circuit led to a manifest error in this case.

1. The approach of the Federal and Fifth Circuits conflicts with this Court's holdings in *Reeves* and *Joiner*.

The treatment of expert testimony on a Rule 50 sufficiency review in the Federal and Fifth Circuits is important, and demands correction, because it conflicts with this Court's opinions in *Reeves* and *Joiner*.

In *Reeves*, the Court held that when "entertaining a motion for judgment as a matter of law, the court should review all of the evidence in the record." *Reeves*, 530 U.S. at 150. The Court further provided that in doing so, the reviewing court "may not make credibility determinations or weigh the evidence." *Id.* While *Reeves* was not specifically addressed to the treatment of expert testimony, its holding was framed in inclusive terms, and the reference to "all of the evidence in the record" cannot reasonably be read to exclude record evidence comprised of expert testimony. *See id.*

When examining expert testimony on a sufficiency review, however, appellate courts in the Federal and Fifth Circuits frequently make credibility determinations, weigh that evidence – along with its foundations – and, when they deem that evidence insufficiently supported or trustworthy, effectively excise it from the record. *See Guile*, 422 F.3d at 227; *ResQNet.com*, 594 F.3d at 869-73; *Pharmastem*, 491 F.3d at 1361. That is what happened in this case, *see* App. 14-18, and that disregard of record evidence conflicts with *Reeves*.

In *Joiner*, the Court reaffirmed that a district court's decision to admit or exclude expert testimony in response to an admissibility objection is subject to an abuse-of-discretion standard on appeal. *Joiner*, 522 U.S. at 146. In other words, expert testimony submitted to the jury over an objection cannot be excised from the record unless the appellate court determines that the district court abused its discretion in overruling the objection. *See id.*

When reviewing expert testimony on a sufficiency review, however, appellate courts in the Federal and Fifth Circuits effectively excise testimony that they deem insufficiently supported on a de novo review. *See Guile*, 422 F.3d at 227; *ResQNet.com*, 594 F.3d at 869-73; *Pharmastem*, 491 F.3d at 1361. That is what happened in this case, *see* App. 14-18, and that effective excision of record testimony under a less stringent standard of review conflicts with *Joiner*.

In short, by injecting Rule 702 admissibility considerations into their Rule 50 sufficiency analyses, appellate courts in the Federal and Fifth Circuits undercut both *Reeves* and *Joiner* – they weigh the foundation of expert testimonial evidence on a sufficiency review, offending *Reeves*; and when they find the foundation lacking, they effectively excise the testimonial evidence under a de novo standard, offending *Joiner*. The fact that the approach of these circuits conflicts with relevant decisions of this Court provides an additional reason for granting the writ. SUP. CT. R. 10(c).

2. The approach of these circuits permits an unfair ambush on appeal.

The treatment of expert testimony on a sufficiency review in the Federal and Fifth Circuits is also important, and also demands correction, because it permits an unfair ambush on appeal.

This case is instructive: Nintendo never argued at trial that Dr. Howe's priority opinions were inadmissible under Rule 702, so Anascape had no reason to suspect that this expert testimony might subsequently be discredited on grounds that: 1) it was not "based upon sufficient facts or data"; 2) it was not "the product of reliable principle and methods"; or 3) Dr. Howe had not "applied the principles and methods reliably to the facts of the case." *See* FED. R. EVID. 702. Faced with Nintendo's first Rule 50 motion, therefore, Anascape had every reason to believe

– as the district court found – that Dr. Howe's "extensive testimony" on the priority issue, submitted to the jury without objection, would be considered as evidence supporting a jury verdict in Anascape's favor. *See* App. 29-30; *Reeves*, 530 U.S. at 150; *Joiner*, 522 U.S. at 146.

The Federal Circuit's subsequent decision to weigh Dr. Howe's unobjected-to testimony, and to find that it was not "based upon sufficient facts or data," thus effectively ambushed Anascape on appeal, and denied it any opportunity to lay a better foundation for that testimony at trial. *See* App. 14-15; FED. R. EVID. 702. Indeed, the Ninth Circuit has explicitly recognized the inherent unfairness of such circumstances as one reason supporting the alternative – and proper – approach to the treatment of expert testimony on appeal. *See Marbled Murrelet*, 83 F.3d at 1067 (reasoning that weighing unobjected-to expert testimony on a sufficiency review provides the non-objecting party with "an unfair advantage," and denies the proffering party "the opportunity to lay a better foundation for the evidence"); *see also Christopher*, 53 F.3d at 1192; *C.B. Fleet*, 131 F.3d at 437.

This Court has also explained that appellate review of Rule 50 motions calls "for the exercise of 'informed discretion,' and fairness to the parties is surely key to the exercise of that discretion." *Weisgram*, 528 U.S. at 454. The Court has further suggested that such fairness requires that "the party whose verdict is set aside on appeal will have had notice, before the close of evidence, of the alleged

evidentiary deficiency." *Id.* The treatment of expert testimony on a sufficiency review in the Federal and Fifth Circuits prevents parties such as Anascape from receiving such notice, and thus frustrates the fairness principles that should guide an appellate court's Rule 50 analysis under *Weisgram*. *See id.* This further demonstrates the importance of the issue, and provides another reason for granting the writ. SUP. CT. R. 10(c).

3. The approach of these circuits improperly undercuts the evidentiary value of expert testimony.

The sufficiency-review approach of the Federal and Fifth Circuits also demands correction because it improperly undercuts the evidentiary value of expert testimony.

This Court has confirmed that expert testimony "may in and of itself be 'substantial evidence' when first-hand evidence on the question . . . is unavailable." *Fed. Power Comm'n v. Florida Power & Light Co.*, 404 U.S. 453, 464 (1972). Indeed, the Court has noted that this "proposition has been so long accepted . . . that we do not consider it fairly in dispute." *Id.* at 464. The circuits have similarly recognized that, when it is appropriate to the question at issue, expert testimony – just like any other kind of admissible evidence – may serve to support a jury's verdict. *See Christopher*, 53 F.3d at 1191; *Joint E. & S.*, 52 F.3d at 1133-37.

On a sufficiency review in the Federal and Fifth Circuits, however, appellate courts effectively treat expert testimony as a form of "second-class" evidence by requiring it to satisfy additional threshold requirements – not addressed in the district court – before it will be considered as evidence supporting a verdict. *See Guile*, 422 F.3d at 227; *ResQNet.com*, 594 F.3d at 869-73. That is certainly what happened in this case. App. 14-18. This undercuts the evidentiary value of expert testimony, and creates unforeseen (and potentially unforeseeable) risks for the use of such testimony. Once expert testimony has been deemed admissible, it should be subject to the same treatment as any other kind of evidence deemed appropriate for the jury's consideration. *Cf. Joiner*, 522 U.S. at 141-143 (applying the same standard of review to the admission of expert evidence as that used for the admission of any other evidence). The discriminatory treatment of expert evidence in the Federal and Fifth Circuits provides another reason for granting the writ. SUP. CT. R. 10(c).

4. The approach of the Federal Circuit led to a manifest error in this case.

As noted above, the conflict between the circuits means that the $21 million judgment reversed in this case would, in all likelihood, have been affirmed under the more common circuit approach to sufficiency reviews of expert testimony. That is reason enough to find the Federal Circuit's error important and

worthy of this Court's intervention. But the error here is particularly egregious for another reason.

The dispositive question of fact before the Federal Circuit was whether "the disclosure of the application relied upon reasonably *conveys to those skilled in the art* that the inventor had possession of the claimed subject matter as of the filing date." *Ariad*, 598 F.3d at 1351 (emphasis added); *see also* App. 4. The law is clear that this factual inquiry must be performed "*from the perspective of a person of ordinary skill in the art.*" *Ariad*, 598 F.3d at 1351 (emphasis added). If ever the perspective of an expert skilled in the art were relevant, and if ever such testimony might be appropriately credited by a jury in reaching its factual determination, this would seem to be such a case. The Federal Circuit's decision to weigh, discredit, and effectively excise from the record Dr. Howe's expert testimony on the issue thus stands as a stark example of an appellate court substituting its own perspective for the perspective of one skilled in the art – submitted without challenge under Rule 702 – which the jury had every right to credit in reaching its verdict. This manifest error provides yet another reason for granting the requested writ. SUP. CT. R. 10(a), (c).

CONCLUSION

One fundamental and recurrent duty of the federal appellate courts is to review federal district

courts' findings on motions for judgment as a matter of law under Rule 50. Notwithstanding the frequency of these sufficiency-of-the-evidence reviews, the federal courts do not apply a single, harmonized standard when faced with expert testimony submitted to the jury at trial. To ensure the uniform treatment of such testimony in our federal system, the Court should grant certiorari and reverse the judgment of the Federal Circuit in this case.

Respectfully submitted,

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United States Court of Appeals
for the Federal Circuit

2008-1500

ANASCAPE, LTD.,

Plaintiff-Appellee,

v.

NINTENDO OF AMERICA, INC.,

Defendant-Appellant.

Douglas A. Cawley, McKool Smith, P.C., of Dallas, Texas, argued for plaintiff-appellee. With him on the brief were David Sochia, Steven C. Callahan, and Anthony M. Garza.

William F. Lee, Wilmer Cutler Pickering Hale and Dorr LLP, of Boston, Massachusetts, argued for defendant-appellant. With him on the brief were Lauren B. Fletcher; Robert J. Gunther, Jr., Alexandra McTague, and Sadaf R. Abdullah, of New York, New York. Of counsel on the brief were Robert W. Faris, Joseph S. Presta, and Gordon P. Klancnik, Nixon & Vanderhye P.C., of Arlington, Virginia; and James S. Blank, Kay Scholer LLP, of New York, New York.

Appeal from the United States District Court for the Eastern District of Texas in Case No. 9:06-CV-158, Judge Ron Clark

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DECIDED: April 13, 2010

Before NEWMAN, GAJARSA, and DYK, *Circuit Judges*.

Opinion for the court filed by *Circuit Judge* NEWMAN. Concurring Opinion filed by *Circuit Judge* GAJARSA.

NEWMAN, *Circuit Judge*.

Nintendo of America Inc. appeals the judgment of the United States District Court for the Eastern District of Texas, holding that certain Nintendo video game controllers infringed certain claims of U.S. Patent 6,906,700 (the '700 patent) owned by Anascape, Ltd., and awarding damages.[1] After trial to a jury the district court denied duly made post-trial motions, enjoined further infringement, and stayed the injunction pending appeal. On Nintendo's appeal (Microsoft settled in the district court), the judgment is reversed.

DISCUSSION

The field of invention is hand-operated controllers for the movement of images on a computer screen or television display, particularly as used in video games. The controller is the tool by which human hands manipulate a graphic image, a procedure

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[1] *Anascape, Ltd. v. Microsoft Corp.*, No. 9:06-CV-158, 2008 WL 160546 (E.D. Tex. Jan. 11, 2008) (claim construction); *Anascape, Ltd. v. Nintendo of Am., Inc.*, No. 9:06-CV-158 (E.D. Tex. July 23, 2008) (final judgment).

called "hand inputs." The hand inputs are implemented through handles such as joysticks or trackballs, whereby the hand actions of the human operator are sensed and translated electronically into corresponding linear and rotational movements that are shown in graphic display. As discussed in the patents in suit, hand inputs move images in six general directions that are called "degrees of freedom" (DOF) in the lexicon of this technology. Thus, the hand inputs may produce linear movement along three axes (forward/backward, left/right, or up/down), and rotational movement about the three linear axes (roll, pitch, or yaw).

The '700 patent was filed on November 16, 2000 as a continuation-in-part of the application that became U.S. Patent 6,222,525 (the '525 patent). The validity of the '700 patent claims in suit depends on whether these claims, as construed by the district court, are entitled to the filing date of the '525 patent, July 5, 1996. *See* 35 U.S.C. §120 ("An application for patent for an invention disclosed in the manner provided by the first paragraph of section 112 of this title in an application previously filed in the United States . . . shall have the same effect, as to such invention, as though filed on the date of the prior application. . . ."). In *Reiffin v. Microsoft Corp.*, 214 F.3d 1342, 1345-46 (Fed. Cir. 2000), the court explained the need "to ensure that the scope of the right to exclude, as set forth in the claims, does not overreach the scope of the inventor's contribution to the field of art as described in the patent specification."

This rationale applies to a specification whose filing date is needed to antedate prior art. *See Moba, B.V. v. Diamond Automation, Inc.*, 325 F.3d 1306, 1319-20 (Fed. Cir. 2003); *Ralston Purina Co. v. Far-Mar-Co, Inc.*, 772 F.2d 1570, 1575 (Fed. Cir. 1985). Anascape has conceded that if not so entitled, the '700 patent claims are subject to invalidation based on the intervening prior art of a Sony "DualShock" controller sold in the United States in 1998 and described in a patent application of Goto published in 1998, and a Sony "DualShock 2" controller sold in the United States in October 2000. Anascape's response to this prior art is that the '700 patent claims are entitled to the July 5, 1996 filing date. The district court so found; this is the principal issue on this appeal.

I

To obtain the benefit of the filing date of a parent application, the claims of the later-filed application must be supported by the written description in the parent "in sufficient detail that one skilled in the art can clearly conclude that the inventor invented the claimed invention as of the filing date sought." *Lockwood v. American Airlines, Inc.*, 107 F.3d 1565, 1572 (Fed. Cir. 1997). *See generally Ariad Pharmaceuticals, Inc. v. Eli Lilly & Co.*, No. 2008-1248, 2010 WL 1007369 (Fed. Cir. Mar. 22, 2010). The issue turns on whether the specification of the '525 patent supports not only controllers having a single input member that operates in six degrees of freedom, as described and claimed in the '525 patent, but also controllers

having multiple input members that together operate in six degrees of freedom, as described and claimed in the '700 patent.

The district court observed in its claim construction ruling that in the '525 patent "[t]he patentee clearly expected the inventions to be used with a single input member (such as a joystick) that moved in 6 DOF to control an image appearing to move in three dimensions." *Anascape*, 2008 WL 160546, at *4. We agree that the '525 specification describes controllers having a single input member that is operable in six degrees of freedom. As originally filed, all of the claims of the '525 patent recited such a single input member.

Anascape argued, for the purpose of establishing the '525 filing date for the '700 claims, that the '525 specification also supports the '700 claims that are not limited to a single input member operable in six degrees of freedom. Nintendo disputed that position, arguing that the '525 specification is directed to only a single input member. Many passages in the '525 specification are to this effect. For example, the "Background of the Invention" states:

> In the prior art there exist 6 DOF controllers of a type having a hand operable, single input member moveable in six degrees of freedom for axes control relative to a reference member of the controller. This type of controller having the 6 DOF operable input member outputs a signal(s) for each degree of freedom input, and it is this type of 6 DOF

> controller which is believed to be by far the most easily used for 3-D graphics control, and it is with this type of 6 DOF controller that the present invention is primarily concerned.

'525 patent col.1 l.61-col.2 l.2. The "Summary of the Invention" section of the '525 specification states:

> The controllers provide structuring for converting full six degrees of freedom physical input provided by a human hand on a hand operable single input member into representative outputs or signals useful either directly or indirectly for controlling or assisting in controlling graphic image displays.

Id. col.4 II.50-55. The specification also states:

> A primary object of the invention is to provide a 6DOF image controller (physical-to-electrical converter), which includes a single input member being hand operable relative to a reference member of the controller. . . .

Id. col.7 II.50-54; *id.* col.7 II.59-62 (6DOF controller "includes a single input member being hand operable relative to a reference member of the controller"). The Abstract states that the invention concerns "multiple-axes controllers comprised of a single input member operable in 6 DOF relative to a reference member." *See also id.* col.5 II.8-9 ("the input member accepts 6 DOF of hand input relative to the reference member"); *id.* col.8 l.4 ("6 DOF controller, which includes a single input member"); *id.* col.8 l.12 ("single input member"); *id.* col.8 l.19 ("single input member").

Similarly, the drawings all show a single input member, in the form of a trackball or a joystick, capable of operating in six degrees of freedom. *Id.* col.7 II.47-49 ("A 6DOF trackball-type embodiment is illustrated in FIGS. 1-10, and 6DOF joystick type embodiments are illustrated in FIGS. 13-36.").

Anascape argues that Figures 1-6 of the '525 patent describe multiple input members operating in fewer than six degrees of freedom. This statement does not match the description in the patent. Figures 1-4 are described as a "trackball-type embodiment" of the hand operable 6DOF controller in which trackball 12 is "the hand operable single input member operable in full six degrees of freedom." *Id.* col. 11 II.19-25. Several figures show a rotatable collet surrounding the trackball, and the specification states that the collet provides the user with "the option of rotating about yaw via the trackball or the rotatable collet." *Id.* col. 17 II.18-19. The specification also states that the collet "does not bar" the control of yaw by the trackball, which is capable of operating in six degrees of freedom. *See id.* col.17 II.14-19 ("When a rotatable collet is used, a sensor is used to detect rotation of collet 16 as described above, but this does not bar still having a sensor (encoder) in communication with trackball 12 for detecting rotation of the trackball about the yaw axis, and this would give the user the option of rotating about yaw via the trackball or the rotatable collet."). The specification does not state that the collet replaces any of the six degrees of freedom of the trackball.

In Figure 20 the controller includes a handle as well as signal input elements in the form of buttons. The inventor testified that the handle of Figure 20 operates as a single input member movable in six degrees of freedom. The inventor testified that the embodiments of Figures 4 and 6, which depict a trackball/collet combination, and Figure 9, which depicts a handle/button combination, all include a single input member operable in six degrees of freedom.

Nintendo counts over twenty explicit statements that the invention is directed to a single input member that is operable in six degrees of freedom. The '525 specification does not describe a controller with input members limited to fewer than six degrees of freedom. Anascape points to a sentence in the '525 patent which states that "[t]he input member of the joystick-type controller may be manipulatable or operable in up to 6 DOF." *Id.* col.7 II.40-42. However, this is not a description of the '525 invention; it is a description of prior art joysticks as generally used in video games. The '525 specification consistently describes the joystick in the drawings as a "6DOF joystick type embodiment." *Id.* col.7 II.47-49.

The '525 patent stresses the advantages of using a single input member operable in six degrees of freedom, and describes the use of multiple input members as having "significant disadvantages," discussing prior art U.S. Patent 5,298,919 to Chang:

> [I]n Chang's controller, the lack of a hand operable single input member operable in six degrees of freedom has many significant disadvantages. Further, the Chang controller does not have a any [sic] input member capable of being manipulated in 6 DOF relative to any reference member of the controller, which yields additional significant disadvantages.
>
> * * *
>
> The Chang controller does not have a single input member such as one ball or one handle which can be operated (causing representative electrical output) in six degrees of freedom. Nor can any one Chang input member be manipulated (moved) relative to a reference member on the controller in six degrees of freedom. Thus, the Chang device is functionally and structurally deficient.

'525 patent col.3 l.30-col.4 l.30.

For a parent application to provide the filing date for claims of a continuing application, the description in the parent must meet the requirements of 35 U.S.C. §112, first paragraph, as to that claimed subject matter. *Tronzo v. Biomet, Inc.*, 156 F.3d 1154, 1158 (Fed. Cir. 1998); *see also, e.g., Fiers v. Revel,* 984 F.2d 1164, 1169-70 (Fed. Cir. 1993) (entitlement to the benefit of an earlier-filed application date requires that the earlier application meets the requirements of §112). Anascape points to some of the issued claims of the '525 patent, which recite an "input member moveable on at least two axes," and argues that this

adequately describes, for priority purposes, use of more than a single input member in order to obtain movement in six degrees of freedom. We need not decide the significance of the words "at least two," for, as Nintendo points out, this text was not part of the specification and claims as filed in 1996, but was added to the claims by amendment in August 2000. *See PowerOasis, Inc. v. T-Mobile USA, Inc.*, 522 F.3d 1299, 1306 (Fed. Cir. 2008) ("[T]o satisfy the written description requirement, 'the missing descriptive matter must necessarily be present in the [original] application's specification such that one skilled in the art would recognize such a disclosure.'" (quoting *Tronzo*, 156 F.3d at 1159) (alteration in original)). This text was not present in the original '525 specification, and cannot contribute written description support for the '700 claims as of the '525 filing date.

Claim 19 of the '700 patent is representative of the claims that were asserted against the Nintendo game products:

> 19. A hand operated controller comprising structure allowing hand inputs rotating a platform on two mutually perpendicular axes to be translated into electrical outputs by four unidirectional sensors to allow controlling objects and navigating a viewpoint, the controller including a tactile feedback means for providing vibration detectable by the user through the hand operating the controller;
>
> a second element movable on two mutually perpendicular axes, said second element

> structured to activate two bi-directional proportional sensors providing outputs at least in part controlling objects and navigating a viewpoint;
>
> a third element movable on two mutually perpendicular axes, said third element structured to activate two bi-directional proportional sensors providing outputs at least in part controlling objects and navigating a viewpoint;
>
> a plurality of independent finger depressible buttons, each button associated with a button sensor, said button sensor outputs at least On/Off data to allow controlling of the objects.

The specification of the '700 patent describes controllers that are not limited to a single input member capable of movement in six degrees of freedom. In filing the application that became the '700 patent, several changes were made in the '525 specification.[2] Nintendo points to the areas in which the applicant changed the text that had limited the controller to a single input member operable in six degrees of freedom. In the "Background of the Invention" and "Summary of the Invention" sections, every occurrence of "hand operable single input member" in the

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[2] The '700 specification was designated, upon filing, as a continuation-in-part of the '525 application. Although the inventor later changed the designation to a "continuation," the designation given to a derivative application does not determine its legal status.

'525 specification was replaced with "hand operable input member(s)," *e.g.*, '700 patent col.2 II.22, or "at least one hand operable input member," *e.g.*, *id.* col.2 II.37-38.

At column 4, lines 47-49 the '525 specification states: "I have developed improved, low-cost hand operated 6DOF controllers. . . ." As changed, the '700 specification states at column 2, lines 14-20, "I have developed improved, low cost hand operated controllers, providing up to 6 degrees of freedom in preferred embodiments . . . while not restricted or required to be full six degrees of freedom. . . ." At column 5, lines 1-8 the '525 patent states that "the hand operable input member . . . accepts 6DOF of hand input." This is changed in the '700 patent at column 2, lines 37-44 to "at least one hand operable input member [in which] . . . the input member(s) accept 3D of hand input." Again at column 7, lines 50-53 the '525 patent states: "A primary object of the invention is to provide a 6DOF image controller . . . which includes a single input member being hand operable. . . ." As changed, the '700 patent at column 4, lines 34-37 states: "A primary object of the invention is to provide a 3D image controller . . . which includes at least one input member being hand operable. . . ." Nintendo points out that the applicant changed sixteen of the seventeen references to a "single input member" to reference "at least one input member." *E.g.*, '700 patent col.4 II.56, 64; *id.* col.5 l.6. The '700 specification also deleted all mention of the prior art Chang controller and its deficiencies.

Anascape states that these changes in the '700 specification and claims are not "new matter." That position is untenable, for the changes are extensive and substantive. A description can be broadened by removing limitations. The limitation to a single input member capable of movement in six degrees of freedom was removed, in filing the '700 application, and new claims were provided of commensurately broadened scope. This is classical new matter. *See, e.g., Baldwin Graphic Systems, Inc. v. Siebert, Inc.*, 512 F.3d 1338, 1344 (Fed. Cir. 2008) ("the examiner rightly refused to allow the applicants to amend the specification to remove references to 'heat' as the way of sealing the sleeve," for the change "would have broadened the patent and introduced impermissible new matter" and rendered the reissue claims "invalid for lack of support in the initial disclosure").

Anascape argues that the subject matter described in the '525 specification simply is the preferred embodiment, and that the inventor did not disclaim the broader scope of the '700 claims. The district court observed that "nothing in the ['525] specification disclaims other variations." *Anascape*, 2008 WL 160546, at *6. However, the question is not whether the patentee in the '525 specification "disclaimed" the scope of the '700 patent; the question is whether the '525 specification sufficiently describes the later-claimed subject matter, as to entitle the '700 claims to the filing date of the '525 application. *See Lucent Technologies, Inc. v. Gateway, Inc.*, 543 F.3d 710, 718-19 (Fed. Cir. 2008) (to claim priority based

on the filing date of an earlier application, the earlier application must support the claims of the later-filed application).

A patentee is not deemed to disclaim every variant that it does not mention. However, neither is a patentee presumed to support variants that are not described. *See Amgen Inc. v. Hoechst Marion Roussel, Inc.*, 314 F.3d 1313, 1330 (Fed. Cir. 2003) ("The purpose of the written description requirement is to prevent an applicant from later asserting that he invented that which he did not; the applicant for a patent is therefore required to 'recount his invention in such detail that his future claims can be determined to be encompassed within his original creation.'" (quoting *Vas-Cath Inc. v. Mahurkar*, 935 F.2d 1555, 1561 (Fed. Cir. 1991))). Each case must be viewed as it would be understood by a person of ordinary skill in the field of the invention.

Anascape argues that the testimony of its expert witness, Dr. Robert Howe, established its position that the '525 specification adequately described the subject matter of the '700 claims, at least sufficiently to support the jury verdict. Dr. Howe testified that "the ['525] patent is simply not limited to single input 6-degree-of-freedom controllers; and the claims which do not concern those are – find support in both the 1996 application and the '700 patent." J.A. 4685. However, Dr. Howe's conclusion is not supported by any evidence at all, and cannot override the objective content of these documents. *See PowerOasis*, 522 F.3d at 1307-08 (in determining the relationship between a

later-claimed invention and an earlier application, it is helpful to consider the changes made in the later application).

Anascape also refers to the testimony of a Nintendo engineer, Mr. Kazunori Koshiishi, concerning Figure 2 of the '525 patent. Anascape states that Mr. Koshiishi testified that a trackball-type embodiment in the '525 patent shows a combination of a 3DOF trackball and a 3DOF collet, as opposed to a single input member that is operable in six degrees of freedom. Nintendo points out that this is a misstatement of Mr. Koshiishi's testimony. He responded to questioning about hypothetical modifications of the trackball-type embodiment, such as controllers where either the trackball or collet (called a "cup" during questioning) is removed; for example:

> Q. If you removed the cup from the controller depicted in Figure 2, you would not be able to sense movement on three linear axes; is that correct?
>
> A. No, you wouldn't.
>
> Q. But if you still had the trackball, you would still have a 3-degree-of-freedom controller because you could still sense rotational movement on three axes; is that correct?
>
> A. Yes.
>
> Q. So, if you remove the cup, instead of six separate outputs being sent to the CPU, there would only be three outputs sent to the

> CPU, one representing each axis of rotational movement of the trackball; is that correct?
>
> A. Yes.
>
> Q. Now, conversely, if you did not remove the cup but you did remove the trackball, then you would still have a 3-degree-of-freedom controller except it would be able to measure linear movement on three axes and not rotational movement on three axes; is that correct?
>
> A. Yes.

J.A. 4532-33. This testimony on hypothetical modifications to the embodiment hypothetically separates the functions of the collet from the functions of the trackball, and is inconsistent with the disclosure of the specification, which states that the "trackball . . . is the hand operable single input member operable in full six degrees of freedom." '525 patent col.11 ll.23-25. Indeed, the specification explicitly contemplates a version of the embodiment without a collet: "If a graspable collet is not used, then the exposed portion of trackball 12 is available for grasping with the fingers to apply force in any linear direction. . . ." *Id.* col.12 ll.54-56. Thus, the trackball is capable of operating in six degrees of freedom regardless of the presence of the collet.

Similarly, Anascape argues that the embodiment shown in Figures 5 and 6 of the '525 patent discloses multiple inputs that together operate in six degrees of freedom. This embodiment is substantially similar to

the trackball-type embodiment of Figures 1 though 4, except that the collet is given the ability to rotate in order to control yaw motion. This difference, however, is immaterial, as the collet is merely a secondary means of yaw control. The trackball retains the ability to operate in all six degrees of freedom: "When a rotatable collet is used, . . . the trackball 12 input member may be interpretable on all six axes as previously described. . . ." *Id.* col.17 ll.14-21.

Thus, the description in the '525 specification is not reasonably read as describing a larger invention, of which the single input was only a preferred embodiment. *See Honeywell Int'l, Inc. v. ITT Industries, Inc.*, 452 F.3d 1312, 1318 (Fed. Cir. 2006) ("Here, the written description uses language that leads us to the conclusion that a fuel filter is the only 'fuel injection system component' that the claims cover, and that a fuel filter was not merely discussed as a preferred embodiment."). Whether or not the inventor could have described the '525 invention more broadly, "[i]t is not sufficient for purposes of the written description requirement of §112 that the disclosure, when combined with the knowledge in the art, would lead one to speculate as to modifications that the inventor might have envisioned, but failed to disclose." *Lockwood*, 107 F.3d at 1572.

We conclude that the only reasonable reading of the '525 specification is that it is directed to and describes only a controller having a single input member operable in six degrees of freedom. In contrast, the '700 specification and claims were enlarged

to cover more than single input members operable in six degrees of freedom. The district court erred in ruling that this subject matter is adequately described in the '525 specification, for the statutory requirements are not met, on any reading of the '525 specification.

II

The district court construed the '700 claims as not limited to a controller with a single input member capable of moving in six degrees of freedom. This construction is necessary to the jury's verdict of infringement, for the accused Nintendo controllers do not have a single input member that moves in six degrees of freedom.[3] We conclude that the district court correctly construed the claims of the '700 patent in light of the '700 specification. However, as we have discussed, the district court erred in its ruling that, as construed, the broadened scope of the '700 claims is entitled to the filing date of the '525 patent.

The jury found that the '700 claims are not invalid on the ground of anticipation or obviousness or written description requirements. These verdicts all require that the '700 claims are entitled to the filing date of the '525 patent, for Anascape has agreed

---

[3] The parties stipulated that the district court's claim construction of the '525 patent precluded a finding of infringement of the '525 patent. Anascape does not appeal as to the '525 patent.

that if not so entitled the claims are invalid. We conclude that the district court erred in finding that the '525 specification contains descriptive text sufficient to support the '700 claims as construed, that is, claims that include multiple input members that do not operate in six degrees of freedom. Although the jury found by special verdict that the '700 claims are not invalid on written description grounds, the jury verdict form asked whether "the '700 patent fails to satisfy the written description requirement," not whether the '525 patent satisfies the written description requirement for the '700 claims.

Since the '700 claims are not entitled to the '525 filing date of July 5, 1996, the judgments of validity and infringement cannot stand, for Anascape conceded that the Sony prior art anticipates the '700 claims if not so entitled. Thus judgment as a matter of law is appropriate, for "a 'reasonable jury would not have a legally sufficient evidentiary basis to find for the party on that issue.'" *Cambridge Toxicology Group, Inc. v. Exnicios*, 495 F.3d 169, 179 (5th Cir. 2007) (quoting Fed. R. Civ. P. 50(a)(1)). The judgments of validity, infringement, and the award of damages must be reversed.

REVERSED

GAJARSA, *Circuit Judge*, concurring.

While I agree with the majority's result, I write separately to highlight the majority's best use of the written description requirement as a priority – policing mechanism in contradistinction to an independent basis for invalidity. In this case, Anascape filed the '700 patent as a continuation-in-part of the '525 patent's application. Pursuant to 35 U.S.C. § 120, Anascape's '700 patent would be entitled to the '525 patent's priority date only if the '525 patent's written description disclosed the subject matter of the later-filed '700 patent. *See In re Smith*, 458 F.2d 1389, 1394 (C.C.P.A. 1972). Because, as the majority correctly concludes, the '700 patent claims subject matter not disclosed by the '525 patent, the '700 patent is not entitled to the '525 patent's priority date. In this case, the failure to establish the earlier priority date is fatal as Anascape conceded that a prior art Sony product anticipated the asserted claims.

The majority's application of the written description requirement, in my judgment, would be the preferred use of the written description requirement. As this court's predecessor stated:

> Satisfaction of the description requirement insures that subject matter presented in the form of a claim subsequent to the filing date of the application was sufficiently disclosed at the time of filing so that the prima facie date of invention can fairly be held to be the filing date of the application. This concept applies whether the case factually arises out

> of an assertion of entitlement to the filing date of a previously filed application under § 120 . . . or arises in the interference context wherein the issue is support for a count in the specification of one or more of the parties . . . or arises in an ex parte case involving a single application, but where the claim at issue was filed subsequent to the filing of the application. . . .

In re Smith and Hubin, 481 F.2d 910, 914 (CCPA 1973); *see also In re Wright*, 866 F.2d 422, 424 (Fed. Cir. 1989) ("When the scope of a claim has been changed by amendment in such a way as to justify an assertion that it is directed to a different invention than was the original claim, it is proper to inquire whether the newly claimed subject matter was described in the patent application when filed as the invention of the applicant. That is the essence of the so-called 'description requirement' of § 112, first paragraph.").

This court, however, has held en banc that § 112, first paragraph provides for a written description requirement capable of invalidating claims, *Ariad Pharm., Inc. v. Eli Lilly & Co.*, No. 2008-1248, 2010 WL 1007369 (Fed. Cir. March 22, 2010), though I continue to believe that "[c]onfining written description to the priority context would provide greater clarity to district courts and practitioners, both of whom are currently left to trudge through a thicket of written description jurisprudence that provides no conclusive answers and encourages a shotgun

approach to litigation," *id.* at *22 (Gajarsa, J., concurring). While the statutory language has been interpreted by this court to require a written description for patentability, it is not the ideal vehicle for invalidating claims. Such a vehicle is better provided by the enablement requirement of § 112. Under this court's current law, enablement provides the preferred vehicle for invalidating claims that extend beyond what the patent actually discloses to a person of skill in the art. *See Martek Biosciences Corp. v. Nutrinova, Inc.*, 579 F.3d 1363, 1378 (Fed. Cir. 2009) ("To meet the enablement requirement, the specification of a patent must teach those skilled in the art how to make and use the full scope of the claimed invention without undue experimentation." (internal quotation marks omitted)).

Moreover, clearly defining the separate contexts in which written description and enablement are applicable would provide some justification for this court's currently inexplicable treatment of written description as a question of fact, yet enablement as a question of law. *See Ariad*, at *27 (Rader, J., dissenting-in-part and concurring-in-part). While *Ariad* conclusively established that § 112, first paragraph requires both an enabling disclosure and a written description, it left to the district courts and practitioners the task of resolving many questions concerning how *Ariad* applies in practice.

Here, the majority's opinion demonstrates a good example in applying the written description in a priority policing context, while leaving invalidity in

the capable hands of the enablement doctrine. Though *Ariad* makes clear that written description is not confined to the priority policing context, I continue to believe such confinement, while not statutorily mandated, streamlines litigation and arguably reconciles some of our written description and enablement precedent.

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
LUFKIN DIVISION

ANASCAPE, LTD. *Plaintiff,* v. NINTENDO OF AMERICA, INC. *Defendant.*	§ § § § § § § § §	Civil Action No. 9:06-CV-158 JUDGE RON CLARK (Filed Jul. 18, 2008)

ORDER DENYING DEFENDANT'S RENEWED MOTION FOR JUDGMENT AS A MATTER OF LAW OR, IN THE ALTERNATIVE, A NEW TRIAL

Before the court is Defendant's Motion for Judgment as a Matter of Law or, in the Alternative, a New Trial [Doc. #356]. Defendant argues that substantial evidence does not exist to support the jury verdicts of infringement, validity and damages. Alternatively, Nintendo requests a new trial because of allegedly erroneous claim constructions, jury instructions, admission of evidence and verdict form.

After more than a full day of deliberations, the jury returned a verdict that found Nintendo three of four accused products infringed the asserted claims of United States Patent No. 6,906,700 with three of four accused products. The trial record contains sufficient evidence to support the jury's findings. For

the reasons stated below and the reasons stated on the record at trial, Nintendo's motion is denied.

I. Procedural History and Background

On July 31, 2006, Anascape filed suit against Nintendo alleging infringement of United States Patent No. 6,906,700 ("the '700 patent"). The '700 patent is a continuation of U.S. Patent No. 6,222,525 ("the '525 patent").

Brad Armstrong is the named inventor of the '700 patent. The patent relates to "graphic image controllers," commonly seen as the controllers used for video games. These controllers convert the movement of the user's hand or finger into an electrical impulse that controls the image on a display, such as a screen. The patent focuses on the possibility of using the invention in controllers operable in six degrees of freedom (hereinafter "6 DOF"). Having 6 DOF means that movement can occur on three linear axes: 1) forward/backward, 2) up/down, 3) left/right, and on three rotational axes: 1) yaw, 2) pitch, and 3) roll.

On May 5, 2008 – May 14, 2008, Anascape tried the case to a jury, accusing: i) Nintendo's Wii Remote controller connected to the Wii Nunchuk controller of infringing claim 19, ii) Nintendo's Wii Classic controller connected to the Wii Remote of infringing claims 19, 22 and 23, iii) Nintendo's GameCube controller of infringing claims 14, 16, 19, 22 and 23, and iv) Nintendo's GameCube Wavebird wireless controller of infringing claim 14. After deliberating for about eight

and a half hours over the course of two days, the jury returned a verdict finding the patents valid and infringed by Nintendo's GameCube controller, GameCube Wavebird wireless controller, and Wii Classic controller connected to the Wii Remote controller. The jury awarded Anascape damages in the amount of $21 million.

Prior to verdict, on May 13, 2008, for the reasons stated on the record, the Court denied both Plaintiff's and Defendant's motions for judgment as a matter of law on infringement, invalidity and damages. After a separate bench trial, for the reasons stated on the record, the Court denied Defendant's claim of inequitable conduct. After the jury returned its verdict on May 14, 2008, the Court found that this was not an exceptional case that merited an award of attorney fees. On May 21, 2008, Nintendo moved for remittutur or, in the alternative, a new trial on damages. [Doc. #337]. The court denied the motion in an Order signed June 26, 2008 [Doc. #354].

Defendant now makes substantially the same arguments ruled on previously by the court. The court has previously stated on the record and in prior orders the reasons for overruling these motions and will not repeat all such reasons in this order.

II. Standard of Review

A. Judgment as a Matter of Law

A party moving for judgment as a matter of law has a heavy burden. Fed. R. Civ. P. 50(a); *see Pineda v. United Parcel Serv., Inc.*, 360 F.3d 483, 486 (5th Cir. 2004). "[I]f reasonable persons could differ in their interpretations of the evidence, then the motion should be denied. A jury's verdict is given great weight and all reasonable inferences are drawn in the light most favorable to the verdict. *Thomas v. Texas Dep't of Criminal Justice,* 220 F.3d 389, 392 (5th Cir. 2000).

A party moving for a judgment as a matter of law must first do so at the close of all evidence, in order to renew such a motion after judgment has been rendered. *Taylor Pub. Co. v. Jostens, Inc.*, 216 F.3d 465, 471 (5th Cir. 2000); Fed. R. Civ. P. 50(b). There are instances where "technical noncompliance" with Fed. R. Civ. P. 50(b) has been excused when purposes of the rule have been satisfied. *See Alcatel U.S.A., Inc. v. D.G.I. Techs., Inc.*, 166 F.3d 772, 780 (5th Cir. 1999); *but see Delano-Pyle v. Victoria County,* 302 F.3d 567 (5th Cir. 2002) (finding that a motion not renewed at the close of evidence to be waived). Therefore, any arguments made which were not asserted at the close of the evidence are deemed waived. *Taylor Pub. Co.*, 216 F.3d at 471.

B. Motion for New Trial

There are no precise grounds for granting a new trial, except "for any of the reasons for which new trials have heretofore been granted in actions at law in the courts of the United States." Fed. R. Civ. P. 59(a). The courts have developed a number of theories for granting new trials, such as where the verdict is against the great weight of the evidence, the damages are excessive, the trial was unfair, or prejudicial error was committed. *Smith v. Transworld Drilling Co.*, 773 F.2d 610, 613 (5th Cir. 1985). "A motion for a new trial should not be granted unless the verdict is against the great weight of the evidence, not merely against the preponderance of the evidence." *Dresser-Rand Co. v. Virtual Automation, Inc.*, 361 F.3d 831, 838-39 (5th Cir. 2004). The court must not substitute its opinion for the collective wisdom of the jury. Smith, 773 F.2d at 613.

III. Analysis

A. Renewed Motion for Judgment as Matter of Law

1. Anticipation and Obviousness

Defendant alleges that, as a matter of law, all asserted claims of the '700 patent are invalid as anticipated and/or rendered obvious by the prior art, namely the Sony Dual Shock, Sony DualShock 2 and the Goto reference. It is undisputed that Defendant's anticipation and obviousness case turned on whether the asserted claims of the '700 patent were entitled to

a 1996 priority date based on Armstrong's July 5, 1996 patent application. Tr. 159:9-24; DTX 12.1. All of the asserted prior art was invented after 1996. *See* Defendant's Renewed JMOL, p. 6 [Doc. #356, p. 11].

The claims of a later application are only entitled to the benefit of an earlier filing date under 35 U.S.C. § 120 if the earlier application adequately describes those claims. Whether there is an adequate written description in the earlier application for the later filed claims is determined under the standard of 35 U.S.C. § 112, ¶ 1. *See Reiffin v. Microsoft*, 214 F.3d 1342, 1346 (Fed. Cir. 2000). To meet the written description requirement, the patent specification must demonstrate, to a person of ordinary skill in the art at the time the application was filed, that the inventor actually invented and possessed the full scope of the inventions recited in each asserted claim of the '700 patent. *See id.* at 1345; *Chiron Corp. v. Genentech, Inc.*, 363 F.3d 1247, 1255 (Fed. Cir. 2004). "Compliance with the written description requirement is a question of fact[.]" *PowerOasis, Inc. v. T-Mobile USA, Inc.*, 522 F.3d 1299, 1307 (Fed. Cir. 2008).

Anascape, which only had to prove infringement by a preponderance of the evidence, presented testimony that supported the jury's finding, so long as the jury believed that testimony. Dr. Robert Howe provided extensive testimony about how, to one of skill in the art, the 1996 Application provided adequate written

description support for the asserted claims. Tr. 1412:16-20; 1425:17-1447:1; 1474:3-1475:7; 1509:15-1512:21; 1513:4-1514:22.

Although Dr. Howe's testimony was controverted to some extent by Anascape's expert, Mr. Robert Dezmelyk, Anascape attacked Mr. Dezmelyk's credibility at trial. For example, Mr. Dezmelyk did not speak to any Nintendo engineer in forming his opinions and was unfamiliar with certain aspects of the 1996 application. *See* Tr. 1363:19-1364:4; 1314:20-1316:17. The jury was instructed to evaluate the credibility of the witnesses, and, in accordance with standard practice in this circuit, instructed on additional factors to consider in evaluating the testimony of an expert. Tr. 1562:1-16; *See also* Fifth Circuit Pattern Jury Instructions – Civil 2.16; 2.19 (2006). This case presented the classic "battle of the experts," and the jury clearly chose to believe Anascape's infringement expert.

Nintendo contends that the 1996 application only provides support for controllers with a *single* input member moveable in 6DOF relative to a reference member of the controller. At trial, Nintendo's employee, Kazunori Koshiishi, an engineer at Nintendo Co., Ltd., who assisted in the development of the GameCube controller, recognized that a controller similar to the one at Figure 2 of the '525 could be constructed by using two trackballs, rather than a trackball combined with a collet. Tr. 841:24-847:16. Based on this testimony, a reasonable jury could find that the 1996 application would reasonably convey to a person

skilled in the art that Mr. Armstrong had possession of controllers that did not use a single input member moveable in 6DOF.

For these reasons and the reasons stated on May 13, 2008, the court denies Defendant's renewed motion as to anticipation and obviousness.

2. Written Description

Defendant argues that the evidence establishes by clear and convincing evidence that the asserted claims of the '700 patent are not adequately described by the specification of the '700 patent as required by 35 U.S.C. § 112, ¶ 1.

35 U.S.C. § 112, ¶ 1 requires that a patent application include "a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same." 35 U.S.C. § 112, ¶ 1. In deciding whether the patent satisfies this written description requirement, the description must be considered from the viewpoint of a person of ordinary skill in the field of technology of the patent. *Gentry Gallery, Inc.*, 134 F.3d at 1479. The written description requirement is satisfied if a person of ordinary skill reading the patent application as originally filed would recognize that it describes the invention as it is finally claimed in the issued patent. *Id.*

The written description requirement may be satisfied by the words, structures, figures, diagrams, formulas, etc., in the patent application, and any combination of them, as understood by one of ordinary skill in the field of the technology of the invention. *Space Systems/Loral, Inc. v. Lockheed Martin Corp.*, 405 F.3d 985, 987 (Fed. Cir. 2005). A requirement in a claim need not be expressly disclosed in the patent application as originally filed, provided persons of ordinary skill in the field of technology of the invention would have understood that the missing requirement is inherent in the written description in the patent application. *PowerOasis, Inc.*, 522 F.3d at 1306.

Nintendo had to prove invalidity by clear and convincing evidence. Dr. Howe testified that "the patent is simply not limited to single input 6 degree-of-freedom controllers; and the claims which do not concern those are – find support in both the 1996 application and the '700 patent." Tr. 1446:13-16. He concluded that the asserted claims are supported by the specification of the '700 patent. Tr. 1412:21-24; 1447:2-14. The court finds that there is substantial evidence in the record to support a jury's verdict on written description.

For these reasons and the reasons stated on May 13, 2008, Defendant's renewed motion for judgment as a matter of law on written description is denied.

3. Infringement

Defendant asserts that the GameCube controller, the WaveBird Wireless controller and the Wii Classic connected to the Wii Remote are entitled to a finding of non-infringement as a matter of law for every asserted claim of the '700 patent.

As stated in the court's Order Denying Defendant's Motion for Remittitur or, in the Alternative, a New Trial on Damages, Nintendo essentially admitted Nintendo's infringement as to the three "old school" products. Tr. 457:16-21; Order Denying Defendant's Motion for Remittitur or, in the Alternative, a New Trial on Damages [Doc. #354, p. 3-4]. There was ample evidence to support a finding of infringement by Nintendo. For these reasons and the reasons stated on May 13, 2008, the court denies Defendant's renewed motion as to non-infringement.

4. Damages

Nintendo argues that "no legally sufficient evidentiary basis exists for an award of damages as a matter of law" and that "Anascape does not offer and cannot establish an evidentiary basis to calculate a reasonable royalty."

Anascape provided testimony from its damages expert, Mr. Bratic, who employed the *Georgia-Pacific* factors and concluded that a reasonable royalty was at least 5% and that other licenses involving the technology of the '700 patent had rates between 3-7%.

Tr. 729:5-10; 733:25-734:9; 753:19-754:8; 809:3-12; 826:12-17. For these reasons and the reasons stated in the court's Order Denying Defendant's Motion for Remittitur or, in the Alternative, a New Trial on Damages [Doc. #354], the court finds that the jury's damages award is supported by substantial evidence.

B. Motion for New Trial

Defendant moves for a new trial based on four grounds: 1) the court's claim construction was erroneous, 2) the court failed to permit the jury to consider and award lump sum damages, 3) the admission of the Sony license was erroneous, 4) the jury instructions on the written description requirement were erroneous.

1. Claim Constructions

Nintendo argues that "the Court's construction of a number of claim terms, including (but not limited to) 'controller', '3-D,' 'movable on two axes,' 'movable on two mutually perpendicular axes,' 'detectable by the user,' 'navigating a viewpoint,' 'operable and 'tactile feedback means for providing vibration.'" Nintendo's Motion, p. 24 [Doc. #358, p. 29].

Nintendo points the court to "the record of this case," "which are incorporated herein by reference." Nintendo's Motion, p. 24-25 [Doc. #358, p. 29-30]. The record of this case consists of thousands of pages. To ask the court to sift through the entire record in

search of an error simply constitutes inadequate briefing and waiver of the points of error. Courts have consistently held that inadequate briefing results in a waiver of a party's arguments. *See, e.g., United Fire and Cas. Co. v. Hixon Brothers, Inc.*, 453 F.3d 283, 285 n. 3 (5th Cir. 2006). The court denies Nintendo's motion for a new trial based on the court's claim construction.

2. Lump Sum

Nintendo argues that the court erred by refusing to allow lump sum damages. Nintendo states that "the court, in essence, ruled that as a matter of law, a running royalty is the only appropriate measure of damages. . . ." Nintendo's Motion, p. 25 [Doc. #356, p. 30].

Nintendo provides no authority, and the court does not find any, which requires the jury to consider whether to award a lump sum royalty payment when there was no expert testimony that a lump sum payment would be appropriate in a hypothetical negotiation. Although Nintendo states that the Sony License (PTX 54) provided evidence from which the jury could conclude that a lump sum payment was appropriate, Nintendo also spent a substantial amount of time during trial to disparage the Sony License and encourage both the court and the jury to disregard it. *See infra,* III(B)(3) Admission of the Sony License. In any case, the jury heard no evidence has

to how the cross-licensing provision of the Sony License would affect the lump sum.

For these reasons and the reasons stated on the record on May 13, 2008, the court denies Nintendo's argument that failure to place a lump sum line on the jury verdict form was error.

3. Admission of the Sony License

Nintendo next argues that the admission of the Sony License was improper. Nintendo states that a) the license was negotiated and entered into as settlement of a dispute between Sony and Anascape, b) the license was irrelevant to the issues at trial because it explicitly stated that Sony paid $10 million for an exclusive license, c) the agreement stated that no monies were being paid for that part of the licence, and d) the license was not probative of damages.

This issue has been ruled on and discussed in numerous orders and hearings. The Sony license was not negotiated in anticipation of litigation such that the license should be excluded under Fed. R. Evid. 408. The license was admissible to show that fact that Anascape seeks to license its patents, industry respect for Anascape's inventions and Anascape's financial condition in 2005 when the hypothetical negotiation would have taken place.

For these reasons, the court denies Nintendo's motion on this issue.

4. Jury Instructions

Nintendo argues that the jury instructions on the written description requirement was erroneous. The court's instruction on the written description requirement closely parallels Nintendo's proposed final jury instructions on the written description requirement. Moreover, the court's instructions were guided by *PowerOasis, Inc. v. T-Mobile USA, Inc.*, 522 F.3d 1299, 1306 (Fed. Cir. 2008) and *Lockwood v. Am. Airlines, Inc.*, 107 F.3d 1565, 1572 (Fed. Cir. 1997). Nintendo's motion for a new trial based on the court's jury instructions is denied.

IT IS THEREFORE ORDERED that Nintendo's Motion for Judgment as a Matter of Law or, in the Alternative, a New Trial [Doc. #356] is **DENIED**.

So **ORDERED** and **SIGNED** this **18** day of **July, 2008**.

/s/ Ron Clark
Ron Clark, United States
District Judge

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
LUFKIN DIVISION

ANASCAPE, LTD.	§	
Plaintiff,	§	
	§	
v.	§	Civil Action No. 9:06CV158
MICROSOFT CORPORATION and NINTENDO OF AMERICA, INC.	§	JUDGE RON CLARK
Defendants	§	

ORDER DENYING DEFENDANTS' JOINT OBJECTIONS, MOTION, AND SUPPORTING MEMORANDUM, TO EXCLUDE THE EXPERT TESTIMONY OF ROBERT HOWE AS LEGALLY FLAWED

Before the court is Defendants' Joint Objections, Motion, and Supporting Memorandum, to Exclude the Expert Testimony of Robert Howe as Legally Flawed [Doc. #217]. Defendants argue that Dr. Howe's methodology is flawed because he 1) fails to acknowledge and selectively applies the claim construction and definitions of the Court; and 2) fails to compare the construed claim to the actual accused controllers.

Dr. Howe's report engages in an element-by-element comparison of the claims as construed by the court to each of the accused product, taking into consideration the court's claim construction Orders.

Dr. Howe's reliance on the use of accused controllers with particular games as a means of determining some of the controllers' capabilities is not improper under Fed. R. Evid. 702 and *Daubert v. Merrell Down Pharms., Inc.*, 509 U.S. 579 (1993). Accordingly, Defendants' motion is denied.

Discussion

Fed. R. Evid. 702 provides that a witness who is "qualified by knowledge, skill, experience, training, or education," may provide opinion testimony if that testimony will assist the trier of fact and "(1) the testimony is based upon sufficient facts or data, (2) the testimony is the product of reliable principles and methods, and (3) the witness has applied the principles and methods reliably to the facts of the case." The witness must possess "specialized knowledge, skill, experience, training, or education in the relevant field," in order to be qualified to express his expert opinion on the topic in issue. *Christopherson v. Allied-Signal Corp.* 939 F.2d 1106, 1110 (5th Cir. 1991).

The Supreme Court in *Daubert* charged trial courts with the task of determining whether expert testimony under Rule 702 is "not only relevant, but reliable." *Daubert v. Merrill Dow Pharmas.*, 509 U.S. 579, 589, 113 S. Ct. 2786, 2794 (1993).

> The *Daubert* opinion lists a number of factors that a trial court may use in determining an expert's reliability. Trial courts are to consider the extent to which a given technique can

> be tested, whether the technique is subject to peer review and publication, any known potential rate of error, the existence and maintenance of standards governing operation of the technique, and, finally, whether the method has been generally accepted in the relevant scientific community. . . . These factors are not mandatory or exclusive; the district court must decide whether the factors discussed in *Daubert* are appropriate, use them as a starting point, and then ascertain if other factors should be considered. . . . But the existence of sufficient facts and a reliable methodology is in all instances mandatory. Without more than credentials and a subjective opinion, an expert's testimony that 'it is so' is not admissible.

Hathaway v. Bazany, 507 F.3d 312, 318 (5th Cir. 2007) (internal citations omitted).

A court is not required to "admit opinion evidence that is connected to existing data only by the ipse dixit of the expert," and may "rightfully exclude expert testimony where a court finds that an expert has extrapolated data, and there is 'too great an analytical gap between the data and the opinion proffered.'" *Burleson v. Tex. Dep't. Crim. Justice*, 393 F.3d 577, 587 (5th Cir. 2004) (quoting *Gen'l Elec. Co. v. Joiner*, 522 U.S. 136, 146, 118 S. Ct. 512, 519 (1997)). Neither side briefed the *Daubert* factors individually.

1. Dr. Howe's Use of the Court's Claim Construction

Defendants argue that Dr. Howe "plans to tells the jury that the Court's construction of ['3-D' and 'controller'] is meaningless and can be disregarded because they are not really claim limitations." Defs.' Motion at 4 [Doc. #217]. Defendants also state that Dr. Howe impermissibly twists and ignores the court's construction. *Id.* at 5.

If Dr. Howe attempts to twist or ignore the court's definition at trial, the court expects that competent counsel will know how to properly and timely object during the proceedings. The court will not preemptively strike testimony that has not yet been given.

2. Dr. Howe's Use of Certain Video Games

Defendants contend that Dr. Howe "did not analyze the correct games and did not use an acceptable methodology to analyze the games he did review." Defs.' Motion at 6 [Doc. #217]. Defendants state that "[i]t goes without saying that simply looking at a small video clip of what appears on the screen during a game is insufficient to determine what movements are controlled by a video game controller, and which movements might be in the software of the game itself." *Id.*

Defendants' argument attacks the credibility of Dr. Howe, but does nothing to undermine the methodology actually employed by Dr. Howe in his report.

At trial, Defendants are free to point out that the Super Mario Galaxy is not an Xbox game and cannot be played with the Xbox controllers. However, there is no reason to exclude Dr. Howe's entire testimony under Rule 702 or *Daubert*.

3. Dr. Howe's Use of Accused Controllers with Particular Games

Defendants' last objection relates to Dr. Howe's report to the extent that it goes beyond Anascape's infringement contentions. Defendants argue that Dr. Howe relied on the use of accused controllers with particular games, none of which were identified in the infringement contentions.

Dr. Howe used the accused controllers with certain games to determine the capabilities of the accused controllers, not to demonstrate or showcase the video games played with those controllers. There is no requirement in the local or federal rules for a plaintiff to disclose every possible use of the accused product.

IT IS THEREFORE ORDERED that Defendants' Joint Objections, Motion, and Supporting Memorandum, to Exclude the Expert Testimony of Robert Howe as Legally Flawed [Doc. #217] is **DENIED**.

So **ORDERED** and **SIGNED** this 1 day of **May, 2008**.

/s/ Ron Clark
Ron Clark, United States
District Judge

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

2008-1500

ANASCAPE, LTD.,

Plaintiff-Appellee,

v.

NINTENDO OF AMERICA, INC.,

Defendant-Appellant.

Appeal from the United States District Court for the Eastern District of Texas in case no. 9:06-CV-158, Judge Ron Clark.

ORDER

A combined petition for panel rehearing and for rehearing en banc having been filed by the Appellee, and the petition for rehearing, having been referred to the panel that heard the appeal, and thereafter the petition for rehearing en banc having been referred to the circuit judges who are in regular active service,

UPON CONSIDERATION THEREOF, it is

ORDERED that the petition for panel rehearing be, and the same hereby is, DENIED and it is further

ORDERED that the petition for rehearing en banc be, and the same hereby is, DENIED.

The mandate of the court will issue on June 8, 2010.

FOR THE COURT,

/s/ Jan Horbaly LB
Jan Horbaly
Clerk

Dated: 06/01/2010

cc: Robert J. Gunther, Jr.
Douglas A. Cawley

[1391] UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF TEXAS
LUFKIN DIVISION

ANASCAPE, LTD.	DOCKET 9:06CV158
VS.	MAY 13, 2008
MICROSOFT CORP., ET AL	8:45 A.M.
	LUFKIN, TEXAS

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REPORTER'S TRANSCRIPT OF JURY TRIAL

BEFORE THE HON. RON CLARK
UNITED STATES DISTRICT JUDGE, AND A JURY

APPEARANCES:

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* * *

[1425] Nunchuk by itself is not a controller.

MR. CAWLEY: May I approach, your Honor?

THE COURT: You may.

BY MR. CAWLEY:

Q. Professor Howe, is what I've just handed you the Wii Remote connected to a Nunchuk?

A. That's right. This is the Remote (indicating), this is the Nunchuk (indicating).

Q. Does it matter to your opinion that this is one controller that you need two hands to hold it?

A. No, certainly not. Most of the controllers that we've seen use two hands so – for instance, the Nintendo GameCube uses two hands. The Sony DualShock uses two hands; Microsoft Xbox; going

back to older controllers, the Atari. So, two-handed operation is typical for video game controllers nowadays.

Q. Have you, Professor Howe, in the course of your work in this case – have you studied the 1996 application?

A. Certainly, yes.

Q. And have you studied the asserted claims of the '700 patent?

A. I have.

Q. Have you come to any opinions regarding the priority date of the asserted claims?

[1426] MR. PRESTA: Objection, your Honor. This is going outside the scope of his expert report, as we spoke about earlier, when he was going to testify on this issue. In particular, claim 19.

MR. CAWLEY: Well, I can refer your Honor to the sections of his report where he offers this opinion.

MR. PRESTA: There is no opinion.

THE COURT: Since it is in rebuttal, I'll overrule it.

BY MR. CAWLEY:

Q. Have you come to any opinions regarding the priority date of the asserted claims?

A. Yes, I have.

Q. What are your opinions?

A. My opinion is that the asserted claims are supported by and deserve the priority date of the 1996 application.

Q. How did you come to that conclusion?

A. Well, it's important to compare the claims, the claim limitations, the terms in the claim to the original application and make sure that they're there, they're supported, and also to look at the disclosure, the figures and words in the beginning of the actual '700 patent and make sure that the claims are supported there, as well.

[1427] Q. And when you were studying the disclosure in 1996, from what perspective did you read it?

A. Right. Well, you have to analyze this in terms of one skilled in the art.

Q. What do you mean by that?

A. Well, my understanding – it's a legal term. My understanding is that what matters is not what somebody off the street might think; you have to look at this through the eyes of someone who understands this material, who works in the field, and who would be able to apply the teachings in the patent.

Q. How do you know if someone is skilled in the art or not?

A. Well, in general that's a complicated question; and, of course, it varies from patent to patent. Now, fortunately, Judge Clark here has given us a definition of someone skilled in the art.

Q. Do you have that definition with you?

A. I do.

Okay. So, it reads: The court finds that one of ordinary skill in the art is someone with an equivalent of a four-year degree from an accredited institution, usually denoted in this country as a BS degree, in mechanical or electrical engineering and at least three years experience in designing, developing, [1428] or improving electronic systems that include sensors and/or controllers for computers, robotics, video games or other electronic devices. He or she should have some familiarity with pressure-sensitive variable conductance material. Extensive experience and technical training might substitute for educational requirements while advanced degrees might substitute for some experience.

So, basically this says you need to be somebody with some engineering background who works in this area in order to be someone of skill in the art.

Q. And did you follow the court's instruction in reading and then arriving at opinions on the '96 disclosure from the perspective of someone like you just described?

A. Yes.

Q. Now, yesterday you were here for the testimony of Mr. Dezmelyk, right?

A. Yes, I was.

Q. And based on what you heard and saw during his testimony and the teachings of the 1996 application, are all of the claim requirements found in the '96 application?

A. Yes, they are.

Q. What is disclosed in the '96 application?

A. Well, lots of things. It includes many different [1429] ideas. We've heard the word "warehouse patent" and I think that may have been a bit overused, but I think that's not a bad description. So, in addition, we've heard a lot about a one input member controller moving in 6 degrees of freedom; and that's certainly there. Certainly, Mr. Armstrong thought that was an important idea. But he talks about a lot of other ideas, as well.

So, for instance, he talks about how to use flexible circuit sheets in order to make the manufacturing of these devices less expensive and more reliable.

He talks about these interesting little rocker devices and how they can be configured to either activate unidirectional sensors or bi-directional sensors. There are a lot of different ideas in there; and I think that's shown, for instance – so far we've been looking at roughly five or six figures that we've shown you again and again; whereas, the actual

application, I believe, has 50 figures. So, there are many different ideas present in that patent application.

Q. Let me make sure we understand what you just said, Professor Howe. You've agreed with Mr. Dezmelyk – I think I just heard you say – that the '96 application does disclose a single member control with 6 degrees of freedom. Is that correct?

[1430] A. Yes. Certainly, Mr. Armstrong thought that was one good idea.

Q. But is that all it discloses?

A. No. Again, there are pressure-sensitive buttons. There are different ways of configuring simple sensors to allow complicated control. There's a lot going on in that patent.

Q. And has Mr. Dezmelyk yesterday told us that we should simply disregard everything except the single member of control in 6 degrees of freedom?

A. Well, I believe that was his, you know, big message, if you will. But I believe he also pointed out that there are a lot of different ideas there.

Q. Okay. Well, let's take a look at what he told us.

Here's some testimony from Mr. Dezmelyk from yesterday. There was a question – and I won't read it all; but I'll just start here, that second paragraph: Now, when you began your testimony about that subject, you went through the '96 application; and

you testified – and I'm not trying to put words in your mouth here, but maybe we can work together to get whatever words you're comfortable with. You testified that in your reading the '96 application, you believed that the inventions or ideas that Mr. Armstrong disclosed was a single input member that could control [1431] degrees of freedom. Is that accurate?

And the answer was: Well, I think it's important that we have a very clear sort of definition of what that is because, first off, there is a number of things described in that application. Some of them are not relevant to this litigation.

And the next question: Okay. And you said that this morning.

And then he went on: There are also a lot of descriptions of the particular details of the idea, like some sheet connections, some ways of mounting proportional buttons, and so forth. Not all of those are necessarily related to this, either. So, I don't want to appear that I'm characterizing his invention in some kind of very simple, narrow-minded way. I'm saying that relative to the claims we're talking about here, there are certain key aspects of that invention. The scope of the invention – it would be inappropriate to try and look at every idea that was in the whole application. We could be here for days.

Now, Professor Howe, we've already been here for days.

A. Yes, we have.

Q. But I'm sure we would all agree it would be not a good idea to be here for days more. So, give us a [1432] shortcut. Do you agree that it's inappropriate to look at every idea in the application?

A. Well, in analyzing these questions of validity and support, yes, you do have to take the whole patent into account. You can't just focus on one of the good ideas in there and say that's the only thing in the patent. I agree with this statement from Mr. Dezmelyk. There are a lot of ideas in there, and we need to consider the whole patent in addressing this question of validity and priority date.

Q. So, from reading the whole specification and the whole disclosure in 1996, do you have an opinion as to whether Brad Armstrong only taught using the technology disclosed in the '96 application with a single input member with 6 degrees of freedom?

A. No, I don't. He talks about many ideas, and there's nothing in there that limits it to that one idea. Certainly that was an important idea in there, but there are other ideas – and I think we've seen a number of those examples – where it's clear the scope is larger than just that one single idea.

Q. Okay. And just – since all of this is being written down, I sometimes, I guess, get a little paranoid about how it's going to look. I think that the long convoluted question that I just asked you was [1433] whether you had an opinion; and you started off your answer "No, I don't." So –

A. Okay.

Q. You have an opinion about that?

A. I do have an opinion.

Q. And that's the opinion you've just told us?

A. That's right, that the material in the patent is broader than a single input 6-degree-of-freedom device; and this supports the claims, as we've been discussing them, from the '700 patent.

Q. Now, you heard Mr. Dezmelyk yesterday say that the application in '96 was limited to single input members operating in 6 degrees of freedom, correct?

A. Yes. He said that.

Q. And you've just told us you disagree with that; is that right?

A. That's right. I do.

Q. All right. Let's look at a few figures. And as you've correctly told us, we've seen most of these before. So, I don't want to spend a lot of time on them; but I do want to be clear here about your opinion. Let's look at Figure 20.

This is the exploded drawing. Tell us again what's shown here.

A. Sure. Well, up at the top – let me point, if I [1434] can – (indicating) is the handle that the user would grab. You see there are a couple of little buttons here (indicating).

Then underneath is this set of rockers (indicating) and the carriage and the sensors mounted on the circuit sheet and so on.

Q. So, is it true that in his application, one of the things that Mr. Armstrong discussed in connection with this figure was the possibility and even some advantages of a controller with a single input member that operated in 6 degrees of freedom?

A. Yes, that's right.

Q. But is that all he discussed?

A. No, not at all.

So, again, there are some useful ideas about clever ways of configuring input elements so that they can activate a number of different kinds of sensors in clever ways. There are extra buttons here. So, there are extra input elements here, as well.

Q. Would one of skill in the art reading this application in 1996 and looking in this Figure 20 say to themselves, "Oh, this patent teaches the use of a single input member controlling 6 degrees of freedom"?

A. Well, that's one of the things it teaches; but they would also see a lot of other interesting and useful [1435] teachings concerning other parts of this device.

Q. And, Professor Howe, is it your understanding that the scope of what was disclosed in 1999 is

limited by any one of the 50 drawings in the '98 – excuse me – the '96 disclosure?

A. No. No one drawing specifies the scope of the entire patent.

Q. In fact, are you familiar with figures or statements in the '96 application that show that Mr. Armstrong's technology was not limited to a single input member operable in 6 DOF?

A. Yes.

Q. Can you show us one?

A. Sure.

So, here are a couple of quotes. The first one is from the '96 application, page 13; and it says: The input member of the joystick-type controller may be manipulable or operable in up to 6 degrees of freedom.

Q. And what do you understand that to mean as relates to this issue?

A. Sure. Well, "up to 6 degrees of freedom" means it could be less than 6 degrees of freedom or it could be 6 degrees of freedom. It's pretty clear.

Q. Okay. And while we're at it, just so I won't have to come back to it, is similar language included in the [1436] '700 patent quoted here below?

A. Yes, it is. So, here from the '700 patent on page 2, we have: Hand-operated controllers, providing up to 6 degrees of freedom.

So, the same language, "up to 6 degrees of freedom"; so, it could be less. Certainly that was contemplated both in the '96 application and in the final '700 patent.

Q. Okay. Well, if the '96 application disclosed members that move in less than 6 degrees of freedom, what does that say to you about Nintendo's claim that that's all Mr. Armstrong disclosed was members that move in 6 degrees of freedom?

A. Well, it's not correct. They're trying to narrow it down to something that is much broader in the actual patent and application.

Q. Anything else you can show us from the application that shows that something other than a single controller in 6 degrees of freedom was disclosed?

A. Certainly. Can I have the next slide?

Q. Let's take a look at the next slide.

What are we looking at here?

A. Okay. So, this – the top quote is from the '96 application on page 48. It says: This structuring also offers tremendous advantage in many [1437] non-6-degree-of-freedom applications.

So, there he's telling us that the way of putting this particular bit together is also useful in situations where there aren't 6 degrees of freedom. Again, the scope is larger than just that single input 6-degree-of-freedom idea.

And the lower quote is from the actual '700 patent, column 29; and it says: This structuring also offers tremendous advantage in many non-3-degree-of-freedom applications. So, same thing. Here it says you don't have to have 3 degrees of freedom in order to – or 3-D – I'm sorry – you don't have to have 3-D in order to take advantage of the ideas here.

Q. And is there disclosure in the '96 application that discloses not just a single input member but multiple input members?

A. Yes, certainly.

Q. Can you show us that?

A. Sure.

Well, this is from the '96 application. You can find it on page 61. It's Figure 9. And it shows this idea again of a trackball and a surrounding collar and then a number of buttons for a wireless remote controller.

So, this is a way of combining a couple of [1438] the elements we've seen before, the idea of a trackball, the idea of this collar you can move with your fingers, and then a number of buttons as well. So, there are a lot of different input modes here.

Q. Do you remember yesterday when Mr. Dezmelyk testified about the early Nintendo controller?

A. Yes.

Q. I think it's still in front of you there. Is it not?

A. No. These are – oh, no. It is, yes. Here it is.

Q. Could you hold that up for the jury?

A. Sure, yep (complying).

Q. Do you remember that Mr. Dezmelyk testified that the cross-shaped, or what we've heard called as the "directional pad," and every one of the buttons on that controller are separate input members?

A. That's right. The way you use this thing is you'd hold it in two hands, and you could use your thumbs to hit the buttons and the cross pad or D-pad.

Q. So, if Mr. Dezmelyk says that in the Nintendo controller every one of those buttons is a separate input member, is there any reason why, in Figure 9 disclosed by Mr. Armstrong in 1996, his buttons aren't also separate input members?

A. No. They certainly seem to be input members to me.

[1439] Q. Let's take a look at the next slide. Tell us what we see here from the '96 application on top and the '700 patent below.

A. Okay. So, the top quote again is from the '96 application on page 28; and it talks in here about two finger select switches which are secondary input members.

So, again, this is clearly labelling them as input elements.

Q. Okay. And the next slide?

A. I should add, down below on that –

Q. Sorry.

A. – last slide, we also have the same words from the '700 patent in Column 14.

Q. Thank you.

If we could go to the next slide, then, what do we – I don't want to spend a lot of time on these, but what do we see here?

A. The words here from the '96 application, page 40, are: Auxiliary secondary input buttons.

So, again more inputs.

And below are the same words which add: Are readily integrated into the controller from the '700 patent, column 23.

Q. Okay. And the next slide?

[1440] A. Okay. So, from the '96 application, page 58, here we see Figure 6, a figure we're all familiar with by now. And this describes two input

elements. The text here from the '96 application, page 27, it says: The Trackball 12 input member – so, that's the round thing in the center, of course.

And then down below: The rotatable collet can serve as an additional secondary input member.

And that's the thing that's colored yellow there, Number 16 in the figure.

Q. All right, sir. And while we're on this figure – and I think we are done with showing these slides related to secondary input member as opposed to single input member.

But I notice here some language just outside the highlighting, starting with the sentence: Further, the Trackball 12 input member may be interpretable on all six axes.

Do you see that?

A. I do.

Q. As one of skill in the art reading this, what have you understood that the word "may" here implies?

A. Well, when he says "may be interpretable on all six axes," he's saying you could interpret or sense the motion on all 6 degrees of freedom there; but you don't [1441] have to. He didn't say "is" interpretable on all six axes; he says "may be."

So, again, it's the idea that you can use these ideas in a number of different ways. One of them is

this full six axes, 6-degree-of-freedom sentencing; but there are other good ideas, different ways to use this, as well.

Q. Now, you've reviewed the testimony of Mr. Koshiishi from Nintendo in Japan, haven't you?

A. Yes, I have.

Q. And you were here yesterday when I played about a four-minute video clip of his testimony again for the jury during Mr. Dezmelyk's testimony, weren't you?

A. Yes.

Q. And you remember that Mr. Koshiishi is an engineer for Nintendo and was involved in the development of the Nintendo GameCube controller?

A. That sounds right, yes.

Q. And did he interpret some figures from the '96 application?

A. Yes. I think that last figure we were looking at.

MR. CAWLEY: Let's put that up again, please.

BY MR. CAWLEY:

Q. Why was his testimony important?

A. Well, we heard him say that the two elements there, [1442] the trackball piece and the collet

or collar piece, could be separated. For instance, they could be moved to different parts of the controller. They each could provide fewer than 6 degrees of freedom, and this means you would be able to use them as separate input elements.

Q. Yeah. I was mistaken. This is actually the figure that Mr. Koshiishi was testifying about, correct?

A. Okay. Yes. It's a different view of the same embodiment, the same example from the patent.

Q. Okay. And why is his testimony about this important?

A. Well, again, this is a Nintendo engineer; so, someone who is skilled in the art. He has, you know, made his living – he's been paid for designing video games, and he has said that this constitutes two input elements that could be used in a less than 6-degree-of-freedom context.

Q. So, how does that affect your opinion?

A. Well, it confirms what I said earlier, that we aren't limited here by the disclosure in the '96 application or the '700 patent to single input 6-degree-of-freedom devices. It's broader than that.

THE COURT: All right. Counsel, we're going to go ahead and take a break.

[1443] Ladies and gentlemen, I'll ask you to be back at 10:00.

(The jury exits the courtroom, 9:44 a.m.)

THE COURT: Last night when we were discussing the jury charge, the one open – I guess there were two open things, but one of them was the burden of proof issue on the priority date. I had drafted the – the draft that I gave you was based on the Chiron case. Any more discussion on that?

MR. BOVENKAMP: Your Honor, we took a hard look at that and tried to figure out whether we were able to come to an agreement with defendant's proposed construction on that issue; and we believe that your Honor's instruction as is is still the most appropriate way to proceed.

THE COURT: Well, I mean, I'll accept a better way from either side if there is one. I mean, I obviously don't want to give an instruction that winds up killing your case should you win; and I don't want to give you an instruction that kills your case should you win. So, have you come up with anything at all that would help us out?

MR. FARIS: Your Honor, the Power Oasis case does, at this point, seem to be the case. This is the – we've been looking for any other case which [1444] addresses this specific issue and have not been able to find one.

THE COURT: All right. Do you have a pinpoint cite on the pages that I should be looking at? What about just the citation to the case itself if you don't know the –

MR. FARIS: It's a slip opinion, the one that I have, your Honor.

THE COURT: Do you have that somewhere, Betty, the Power Oasis? We had it somewhere in this pile of stuff.

MR. FARIS: And, I'm sorry. I don't have a hard copy to hand up.

THE COURT: All right. Well, we're going to go ahead and – everyone needs a break; so, we'll be in recess, then, until ten of. If you find the pinpoint or whatever that would be helpful on that, if you'll let myself or Ms. Chen have it, that would be appreciated.

MR. FARIS: Yes, your Honor. On the slip opinion, it begins on page 6.

THE COURT: Okay.

MR. GUNTHER: Your Honor, was there a second issue you were about to raise? Was it –

THE COURT: Well, if we raise it, we're not going to get a break; so, we can deal with it when the [1445] jury comes back.

MR. GUNTHER: Let's take a break.

(Recess, 9:48 a.m. to 10:00 a.m.)

(Open court, all parties present, jury not present.)

THE COURT: We had talked about motions for JMOL each way. It would be my preference to go ahead and finish up the evidence. We're going to be having a long break where we're going to be talking about the jury charge and so forth. I would prefer to handle the JMOLs of plaintiff and the renewal by defendant at that time as though they were all timely filed at the precise time they would have been if we had gone ahead and taken breaks and made the jury sit around waiting for us.

Any objection from plaintiff?

MR. CAWLEY: No objection, your Honor.

THE COURT: From defendant?

MR. GUNTHER: No, your Honor.

THE COURT: Okay. Bring in the jury, please.

(The jury enters the courtroom, 10:00 a.m.)

THE COURT: All right, Mr. Cawley.

BY MR. CAWLEY:

Q. Mr. Howe, I just have a couple other topics I want to cover with you; and they are short. But before I go on to the next one, let me just conclude the subject [1446] that we were just talking about.

You've just shown us some of the drawings from the application, correct?

A. That's right.

Q. And you've shown us some of the words or text that was in the '96 application, right?

A. That's right.

Q. And you've been talking about this whole question raised by Nintendo of whether that application is limited to controllers with a single input member operable in 6 DOF, and I want to ask you: What is your conclusion about that?

A. Well, the patent is simply not limited to single input 6-degree-of-freedom controllers; and the claims which do not concern those are – find support in both the 1996 application and the '700 patent.

Q. Is the disclosure in the '96 application limited to a single input member movable in 6 DOF?

A. No, it's not.

Q. Does it include that?

A. Certainly. That's one of the ideas in there, yeah.

Q. But why is it not limited to that?

A. Well, there's nothing in the text which says that's the only possibility here; and there are other ideas which are clearly stated. We saw some of those [1447] examples.

Q. Okay. Now, let me move from – move our focus from the '96 disclosure to the specification or

the drawings and written description in the actual '700 patent itself. Have you reviewed those?

A. Of course.

Q. And have you compared them to the claims that are asserted in this case?

A. Yes, I have.

Q. Do you have an opinion as to whether the asserted claims are supported by the specification of the '700 patent?

A. Yes, I do. The asserted claims are supported by the '700 patent specification.

Q. All right. Now let me ask you about the last subject. Yesterday you heard Mr. Dezmelyk testify about the Wii Classic Controller and what it could do, didn't you?

A. Yes, I did.

Q. Let's look at a piece of testimony in particular. Yesterday Mr. Dezmelyk was asked this question: Are you aware of any games where both of the joysticks are operable on the Wii Classic Controller?

And he answered: No.

And then he was asked: Have you read – did

* * *

[1519] present.)

THE COURT: All right. We've got counsel from both sides. Let me start off with Nintendo's motion for judgment as a matter of law. I'm gathering – and I believe this is correct – that actually there's no dispute over the infringement by doctrine of equivalents. That's not being pushed any further by plaintiffs; is that correct?

MR. BOVENKAMP: That's correct, your Honor.

THE COURT: Okay. So, that motion is moot. It's been dropped by plaintiff. In case there is any – well, it's been dropped by plaintiff; so, that one is moot.

So, then we get into the issue of no legally sufficient evidentiary basis for a jury to find that the accused controllers literally infringed any of the asserted claims in the '700 patent. The court concludes that on a review of the exhibits and the testimony, especially of defendant's own witnesses, Ikeda and the gentleman with the long – Koshiishi?

MR. GUNTHER: Koshiishi, your Honor.

THE COURT: Koshiishi. I speak Spanish. I'm not good on Japanese.

– Koshiishi, that there is at least what's called "substantial evidence" – a funny term when [1520] you're talking about a small amount but – to justify a

finding, should the jury tend to believe the various witnesses, including Dr. Howe, of infringement.

As to, for example, the GameCube controllers, it's – it wasn't quite admitted. But by accusing Mr. Armstrong of copying and writing his claims specifically to cover the GameCube, it's a little difficult to say that there wouldn't be at least a finding that those infringed. The argument would be he deliberately copied them but he was a bad copier. I didn't hear anything about him being a bad copier; so, that's virtually – I'm not going to say it's an admission, but it's awful close on what he supposedly copied.

As to the Wii – and the big issue here, of course, is the accelerometer. And I'll note for the record – I don't know if it makes any difference to the higher court, but they sometimes seem to talk about how much work or effort a court has put into it. I have listened very carefully to both experts and have also consulted with the court's technical advisor, Dr. Howard Schmidt, professor at Rice University, who, of course, has his doctorate in chemistry, his master's in chemistry, his bachelor's in electrical engineering and computer science, and is executive director of the [1521] carbon and nanotechnology laboratory and has been keeping up with all of this, helped me during the Markman phase and discussed this, also.

It is true that the Analog refer to their device, their chip, as "a sensor." But that does seem to be a matter of how you phrase it. For example, in the military there are sensors that they use to determine

whether someone is approaching; but that's a combination of a couple of different sensors, vibration and sound and – so, in the sensor that the soldier puts out, there are sensors inside it. And, similarly, in this sensor, the testimony of Mr. Ikeda – I don't even have to rely on plaintiff's witnesses – indicated that there were pairs of capacitors on each axis, or for each axis. That was quite clear. That bolstered what Dr. Howe said.

But when the man who is in charge of the Wii program says that, I have to take that very seriously.

And then the question about whether – is the capacitor – or are capacitors sensors, I think that's pretty well covered, both in the '700 patent and in the earlier application. For ease of reference, I'll refer to the '525 patent, Column 6, starting at line 50: For purposes of this teaching specification and claims, the term "sensor" or "sensors" is considered to include – [1522] and then it goes down to proximity sensors, variable resistive and/or capacitive sensors. And then it also mentions piezo sensors.

But then, additionally, (reading) and also other electricity controlling, shaping, or informing devices influenced by movement or force.

So, you have the capacitor sensors there; and if some argument is to be made that, well, this is a movement that's going on or something, that seems to be covered in there, also.

Now, that's the same language that we see in the '700 patent at Column 4 between lines about 20 and 29. So, clearly there is sufficient evidence that having a pair of capacitors there for each axis – or capacitive sensors there on each axis would meet that; and I think that –

I've also taken time to review the IEEE dictionary and the Wiley dictionary and took a look, also, at the description in the data sheets in those two exhibits where they make it pretty clear that there's probes and capacitors set out there. And after – as I said before, discussing this in detail from the point of view of one of skill in the art and, in my case, discussions, obviously, with a technical advisor and listening to the experts and Mr. Ikeda and [1523] Mr. Koshiishi, I think there is evidence there on that.

Then we have the next issue, and it's slightly different. In the original motion for JMOL, it was in terms of (reading) as a matter of law the '700 application was a continuation in-part of the '525 patent, not a continuation. And here, it's (reading) no legally sufficient evidentiary basis exists for a reasonable jury to find that the '700 patent has an effective filing date earlier than November 16 of 2000.

So, the JMOL seems to have switched to evidentiary basis as opposed to just a finding as a matter of law. And actually, I think that is the correct argument to make. It is, in fact, a determination as at least in part based upon facts. And, again, listening to the testimony of the witnesses and reviewing the

application, the '525 patent itself, and the figures, comparing them with the claims, it to some degree – as with the accelerometer product, for that matter – is going to come down to evaluation by the jury of the credibility of the respective experts and the other witnesses in their determination.

I mean, obviously they could decide that Dr. Howe is completely wrong about that photograph and everything else; and they could decide that opposing expert was confused or wrong. I mean, that's part of [1524] the determination they have to make. And, likewise, they've got to rely on the evidence they have received on this other. But the court finds that there is sufficient evidence for this to go to a jury and for them to make that determination and so – on that issue about evidentiary basis for the – on the effective filing date.

And then on the – your next one is there's no legally sufficient basis for the jury to find that the '700 patent is not anticipated or rendered obvious. Actually, I don't think that's the test. You have to prove that it is; they don't have to prove that it's not. They don't have to find that it's not. If they find – I mean, they could find that you just failed to prove it. And only if it was against – I mean, there would have to be a lot of evidence going the other way, I think, to overturn that. But regardless, I think the – I mean, it may just be a wording question there; but I want to be sure we're not getting confused on the burden. The burden is on defendant by clear and convincing evidence on that issue.

And to say there is no evidence for them to find that you didn't meet your burden, I think, is incorrect. So, on that basis I'll deny it. But if what you really meant was – is that as a matter of law there [1525] is enough evidence for the court to just decide anticipation and obviousness, the court finds that that is hotly contested and not proper at this time for a JMOL.

And then, finally, the – not – well, there's the – again, the written description, the no legally sufficient basis to find that the claims of the '700 patent are supported by the written description of the '700 patent specification. Again, the court finds that is contested. A good deal of that may depend on the evaluation by the jury of the credibility of the witnesses.

The court's review of the evidence, listening to the witnesses and listening to the – or reading the specification itself, there is enough there to find – or to support a jury's verdict, depending on how they decide to go with it.

And then, finally, there is the issue of no legally sufficient evidentiary basis exists for a jury to find that they are entitled to damages. Well, I guess entitlement is based on all the previous ones. So, if you're talking about liability issues, I think I've already dealt with that. If you're talking about is there sufficient evidence to support a finding of a particular number based on the testimony of the

damages [1526] expert, the court finds there is sufficient evidence for a jury to make a decision there.

So, for those reasons, I will overrule the motions for JMOL on that general.

And let's see. This brings up, I guess, a couple of points. And one of them is this – in your motion – and this deals with the tactile feedback.

Now, I will point out that when the Markman Hearing came along, the parties represented to the court that that had been agreed upon, there was no dispute. I got that in at least one of the briefs, perhaps two of them. And then at the hearing itself and the transcript I've checked and that – that was the representation that was made, that there was no real dispute.

Now it seems to be that there needs to be some kind of an instruction to the jury on what that means; and, so, I'm intending to give that. I think it's fairly clearly set out in the specification itself. The specification states what the – what they're talking about with tactile feedback and then refers back to an earlier patent, giving it as an example – or its equivalents. I'm referring here particularly to Column 4 of the – I'm sorry – Column 5 of the '700 patent.